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_} **Bankers to** *****************

GENERAL

Hospitals strike is a success

say unions

Account to the Account of the Account to the Accoun National Health Service trade unions claimed success as more than 60,000 non-NHS workers joined their third 24-hour strike in support of a 12 per cent pay claim.

The Government acknowledged this was the biggest nolds h strike so far, with the strongest action in parts of the North, particularly Yorkshire. There mmers who walked out in support brought the coalfield to a near-standstill. 951-42 na **ta**n

No indication was given, howprovides by the latest ever, that the Government would make concessions. The TUC health services committee may decide today to step up the dispute. Back Page

Airliner crashes

All 135 people, including nine crew, were killed when a Boeing 727 of Brazilian airline Vasp crashed in mountains near Fortaleza on a flight from Sao

Pope for Poland

Polish church and state authorities have agreed on a visit to Poland by the Pope in August.

Flights cut

British Airways cancelled 16 of its 23 intercontinental flights in a dispute with cabin crews claiming longer rest-periods.

Windsor seare

The Queen Mother was safe yesterday after a mid-air scare over take-off and a precautionary Page 30

Father punished

A i Birmingham man who assaulted his three-month-old daughter after her crying awoke him, fracturing her skull and causing permanent brain damage, was ordered to do 200 hours unpaid community work.

Third World call

ways to channel money to the Third World to avert energy grises were called for by the chairman of the International Energy Development Corporation. Page 8

Fraser's threat

Fraser said that if necessary he is being barred by the Govern-would recall Parliament to over ment from exploring in would recall Parliament to over- ment rule Victoria's plan to make the State a nuclear-free zone. Page 4

Moonies raided

French police raided centres of Sung Myung Moon's Unification Church in Paris and six other cities on a judge's orders. They, questioned 45 people and seized documents.

Wigs off in court

As the healwave continued. judges and lawyers at the Court of Appeal removed their wigs. In anti-drought moves in the West Country a hosepipe ban was introduced in 58 more Devon parishes. Weather, Back months ago. Back Page

Briefly . . .

(Π

÷ 21.5.

.5¦\.

Westminster Press former £12.7m for the year to March managing director William 31. Page 23 managing

Swiss mountains claimed 217

New lay year, 12 more than in 1980 Start of the 28

Weeks to 243 Im for the 28 1980, nostly due to climbers' in-Lex, Back Page

South Africa detained two people in connection with recent profits by 41 per cent to £7.28m for the year to April 2. Page 20 explosions in Natal.

(LLICE2 III hence amena con-		·
RISES	Pilkington	248 + 11
DC T 8	Plessey	465 + 10
Rambers 20 7 5	Prov Financial	127 + 6
Bambers 26 + 3 Biue Circle 476 + 12	Rock Darbam	14 + 2
Thursday 220 T U	St George's Group	138 + 64
Takich Conville . 400 T La	Sound Diffusion	111 + 8
Bulmer (H. P.) 435 + 13 Carr's Milling 79 + 5	Towns Towns	508 ± 12
79 + 5	Tarmac Thorn EMT	400 1 E
Cater Allen 325 + 10	THOM BOT	92-20 T U 90-21 = 90
Cater Atlen 390 4 10	Yarrow	200 T 20
Chemring 390 + 10	Doornfontein	708 + 21
Chemring	Driefontein	110 + E
Extel	RTZ	420 + 8
Glass Glover 142 + 8	PATTE	
Habitat Mothercare 154 + 6	Amal Matal	300 – 30
Heath (C. E.) 327 + 12	Alkai Melai	940 — 7
Glass Glover 142 + 8 Habitat Mothercare 154 + 6 Heath (C. E.) 327 + 14 Lex Service 130 + 5 Merrydown Wine 88 + 5	Dass (##U - I
Morrydown Wine 88 + 5	PLEUT MSTKEL	10 - 0
Division and the	Lioules	AM — 1)

BUSINESS

Equities up 1.4; £ falls 1 cent

• STERLING closed in London 1 cent down on the day at \$1.782. It rose to DM 4.2775 (DM 4.27), FEr 11.1175 (FFr 11.1075) and SwFr 3.6425 (SwFr 3.64), but eased to Y440 (Y440.5). Its trade-weighted index was unchanged at 90.9.

● DOLLAR rose to DM 2.405 (DM 2.382), FFr 6.24 (FFr 6.2), SwFr 2.0435 (SwFr 2.03) and Y246.9 (Y245.75). Its tradeweighted index was 116.6 (115.9), Page 32

GOLD rose \$6 in London to



the Comex June close was \$331.5 (\$337). Page 25

• EQUITIES: the FT 30-share index closed 1.4 up at 594 having been within a point of its record 597.3 soon after the opening. The FT-Actuaries All-Share reached an all time high of 340.98 per cent (339.26). Page 31

GILTS: the Government Securities Index slipped to 79.39 (70.4). Page 31

Windsor when her helicopter • WALL, STREET was 1.61 developed a fault seconds after down at 802.42 near the close.

> ● EEC mandatory controls on steel production were renewed for another year after Italy allowed its objections to be overridden. Back Page .

> • JAPAN AND EEC face a further dispute on the con-

> ditions for granting export credits this year. Page 6 UK AND JAPAN are close to agreement on a framework

> for co-operation in telecommunications -technology. Back Page

• DEPARTMENT of Industry launched a £60m aid scheme to encourage engineering com-panies to automatic production lines with electromic techniques.

ustralian Premier Malcolm . BRITISH GAS Corporation prospective oil-producing areas of the UK Continental Shelf. Page 10; London oil spot prices,

> ● MANUFACTURERS' output prices increased by only 0.5 per cent last month. Back Page

> • POST OFFICE Engineering Union has accepted a pay package with British Telecom which would give an 8 per cent rise all round, but it includes 5.25 per cent pay cuts for new staff.

• MIDLAND BANK is raising £100m by placing a 25-year unsecured loan stock, following Barclays' similar move four

MIDLAND and International Banks, 45 per cent owned by Midland Bank, raised pre-tax profits by 12.04 per cent to

• SKETCHLEY lifted pre-tax

CHIEF PRICE CHANGES YESTERDAY

RISES	(Prices in pence unless otherwise	e indicated)
	RISES Bambers 26 ± 3 Blue Circle 476 ± 12 Bowafer 220 ± 6 British Cmwith 465 ± 13 Bulmer (H. P.) 435 ± 13 Carr's Milling 79 ± 5 Cater Allen 325 ± 10 Chemring 390 ± 10 Daejan 167 ± 6 Extel 353 ± 13 Gerrard National 288 ± 13 Glass Glover 142 ± 8 Habitat Mothercare 154 ± 6 Heath (C. E.) 327 ± 14 Lex Service 130 ± 5 Merrydown Wine 88 ± 5	Plessey 465 + 10 Prov Financial 127 + 6 Rock Darham 14 + 2 St George's Group 138 + 64 Sound Diffusion 111 + 8 Tarmac 598 + 12 Thorn EMI 423 + 6 Yarrow 385 + 20 Doornfontein 768 + 27 Driefontein 510 + 1 RTZ 420 + 8 UC Iov8 425 + 35 Amal Metal 390 - 20 Bass 240 - 7 Brent Walker 73 - 6 n - 3 39

Israeli army in Lebanon near link with Christian forces

CONTINENTAL SELLING PRICES: AUSTRIA SCH. S.: BELGILM E'35: DENMARK K: 6.50; FRANCE F: 5.00; GERMANY DM-2.0; ITALY L 1.000, NETHERLANDS FI 225: NORWAY K: 6.00; PORTUGAL Esc 50; SPAIN PIS 85; SWEDEN K: 6.00; SWITZERLAND F: 2.0; EIRE 50p; MALTA 30c

BY DAVID LENNON IN TEL AVIY AND NORA BOUSTANY IN BEIRUT

struck more deeply into Lebanon yesterday and, at nightfall, were near to cutting the main road between Beirut and Damascus, the Syrian capital.

The Israelis were close to ritorial integrity of Lebanon linking with the Christian must be restored and the forces in the north, which have Palestinian people be allowed received considerable military supplies from Jerusalem over the past few years.

In Jerusalem Mr Menahem
Begin, the Israeli Prime
Minister, told Parliament that

Israel would soon request negotiations with "the legitimate Lebanese government and propose a peace treaty on the basis of the total territorial unity of of the total territorial unity of the looked increasingly likely Lebanon." He said Israel had that Israel was planning to

forces no territorial ambitions in Lebanon. [In London, President Ronald Reagan urged Israel to "bring its forces home," while Mrs Margaret Thatcher, the Prime

> self-determination. Mr Alexander Haig, the U.S. Secretary of State, said that the U.S. had launched a diplomatic campaign for a ceasefire in Lebanon, followed by Israeli withdrawal However, he said no U.S. decision had been taken punitive action against

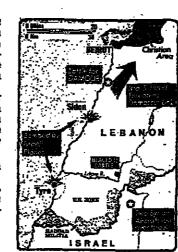
Israel. It looked increasingly likely

occupy all of Lebanon up to the Beirut-Zahle line. Its aim seemed to be to join up with create Lebanese unity by force under a pro-Israel, Christian Minister, insisted that the tergovernment

The Israeli Prime Minister was reported to have issued a set of four demands, which would have to be met before the Israeli forces would be pulled out:

• The withdrawal of all Syrian forces from Lebanon • The restoration of the areas, formerly controlled by the Palestine Liberation Organi-

Continued on Back Page Middle East reports Page 4;



Reagan calls for freedom crusade

MRS MARGARET THATCHER claimed it was that stood in the Spanish newspaper Ya he said: in their future administration,

Every British Embassy has day that the U.S. response seen instructed to underline "would depend very much on

BY REGINALD DALE

PRESIDENT REAGAN used his historic said later. speech to both Houses of Parliament yesterday to launch a dom" in which the U.S. would aid democratic forces in both Right-wing dictatorships and Communist countries.

His address was the first by an American President to a joint meeting of members of both Houses.

a sharply anti-Soviet speech he called on the Western democracies not to be shy about their achevements, and to go over to the offensive 'international Com-At a subsequent lunch at 10

Downing Street Mrs Margaret support for that principle some Thatcher described the speech 45 years ago, perhaps our

The conclusion of most MPs

was that it was now only a

matter of time, possibly only a

short period, before there was

During questions in the Com-

mons yesterday Mrs Thatcher

stressed that Britain had tried

for a long time to get a peace-

blocked by the Argentine junta.

back by force what the Argen-

tines would not give up by adhering to the UN Security

Mr Michael Foot, the Opposition

In reply to pressure from

Council resolution," she said.

." We shall now have to take

settlement but had been

BY PETER RIDDELL AND DAVID TONGE

ruled out any fresh diplomatic way of peace, not Britain, imitiative at the UN vesterday to Nevertheless it is clear

secure a ceasefire in the Falk- the Government seeks to retain

news of the retaking of Port safety, dignity, and despetch. So

UN.

The most applauded part of Mr Reagan's wide-ranging section in which he renewed

American support for the British forces fighting in the

Falkfands. The young British soldiers were not fighting for "mere real estate." faraway lumps of rock and earth, he said. "They fight for a cause, for

the belief that armed aggression must not be allowed to succeed, and that people must participate in the decisions of Government under the rule of law.
"If there had been firmer

lands, but still left open the international support by provid- to continue with the war for apption of Argentina's being able ing a last opportunity for as many months or years as it

Mrs Thatcher said: "If the

Argentines tell us that they are

prepared to withdraw, we shall

enable them to do so with

far we have had no positive

been instructed to underline

that Britain continues to give

honourable withdrawal.

Argentina the option of an

But in Buenos Aires Presi-

that Argentina would withdraw troops only if Britain did so

too, and handed control of the

Falklands for a period to the

He warned Britain that

Leopoldo Galtieri said

to withdraw its forces from the Argentine with drawal without is necessary".

RONALD Haig, U.S. Secretary of State, fered the bloodletting of World War II," he said. Mr Reagan's main theme was the peaceful nature, and superiority, of democracy in contrast to the evils of totali-

tarianism and dictatorship.

To some mirth from his audience, he challenged President Leonid Brezhnev, the Soviet leader, to a reciprocal television exchange in which Mr Reagan would speak to the Soviet people and Mr Brezhnev to the Americans.

'He also suggested that panels of Soviet and American newsmen should periodically appear on each other's screens to discuss major events. Mr Reagan announced

in privately-financed study which Democrats and Republi-

Nevertheless it is clear that ica and many other peoples in decision had been made to rule

the world. Argentina is ready

coming under continued attack

after repossession has already

caused Britain to ask the U.S.

to join in security arrange-ments to protect the islanders.

Mr Alexander Haig, U.S.

Secretary of State, said yester-

the conditions of such a peace-

keeping force, its mandate, its

terms and the political frame-

work under which it was set

countries in Latin America for help to ensure the slanders the

peace they need to decide on

While officials underlined the

Moore, the land forces com-

mander, had ordered surrender

leaflets to be dropped, or that he

had spoken by radio to Gen Mario Menendez, the Argentine

commander, urging him to

American-owned supertanker, the Hercules, radioed yesterday

that it had been bombed by an

unidentified propeller-driven aircraft 480 miles north east of

the Falkland Islands, the U.S.

No details of the exact

damage or casualties aboard the

1,067 ft tanker were available.

The tanker was bound for

Alaska but is believed to be

carrying no oil. The Ministry of

Defence said no British aircraft

World Trade News

coast guard reported.

took part in the attack.

A Liberian-registered

their future.

surrender.

Britain plans to ask other

This spectre

Continued on Back Page

bute "to the global campaign for democracy now gathering Representatives of business.

labour and other major institutions of U.S. society would co-operate in the study, he said. will be private, the aim is to determine how both U.S. could be channelled to "supporters of democracy," such as political parties and trade unions, in non-democratic countries, both Right and Left. Mr Reagan approvingly cited West German political activity of this nature as a precedent, Text of speech and pictures Page 6: Parliamentary sketch

this out totally for all time.

Since the seven-nation Ver-

sailles summit there has been

only limited discussion about

President Reagan and his team.

raised in the ten minutes that

the two countries' Foreign

Ministers met alone yesterday,

British officials last night

vere underlining the support

Mr Reagan gave yesterday to the "young men" fighting for Britain. They admit that no

reached on what follows repos-

agreement has yet

session of the islands.

but was not discussed in the

rest of their talks.

The issue may have been

Supported by Hispanic Amer- they also insisted that no firm

how the U.S. could best contri-

Though the initial funding Government and private finance

Thatcher rules out new move for ceasefire

is between 8 and 12 per cent. The pound's value remained ınchanged yesterday against a basket of currencies, as measured by the Bank of England, in spite of a cut in

first since March 1 and the seventh reduction since base the Falklands between British rates stood at 16 per cent in

> expected after an easing in UK short term interest rates. The National Westminster Bank led the move and was followed quickly by all the other major retail banks.

same time, to 9.5 per cent, a cut of three quarters of a percentage point or half a point. depending on the individual

Midland, later in the day cut its interest rate to Access card

Major banks cut base lending rates to $12\frac{1}{2}\%$

BY PAUL TAYLOR AND MAX WILKINSON

THE major banks lowered their base lending rates yesterday by half a point to 121 per cent. The move came as official

estimates suggested that the money supply was on target and that inflationary pressures were easing.

Market rates have been lowered by the recent strength of sterling, the market's optimism about the outcome of the Falklands crisis, and the possibility that the problem of U.S. budget deficits could be resolved this week.

The Bank of England indicated strongly in the past few days that it was prepared to sanction a cut in base rates, which determine most over-

draft charges.
The Bank evidently believes that the somewhat slower rate of increase in clearing banks' lending to the private sector, suggested by figures out yester-

day, allows room for manoeuvre on interest rates. However, it seems unlikely that there will be an early reduction in mortgage rates. The Bank may also have been

influenced by the sharp fall of the inflation rate in April to an annual rate of 9.4 per cent and a further easing of industry's costs, announced yester-

Its latest estimate of the growth of the money supply suggests that sterling M3, the Alliance index-linked plan

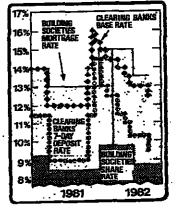
Page 10; Bank staff may block Saturday opening Page 12; Midland Bank loan stock issue Back Page: Lex Back Page

broad measure of money, has been growing at an annual rate of about 10 per ecnt since February. The Government's target

interest rates. The cut in base rates was the

The cut had been widely

The banks are reducing their deposit rates to savers at the



borrowers by a quarter of a per centage point to 2 per cent, a reduction in the annual percentage rate (apr) from 30.6 per cent to 26.82 per cent.

The High Street banks said they had no "immediate" plans to reduce interest rates on their home mortgages in spite of the base rate cut.

The view of most of the retail banks is that mortgage rates had moved down ahead of base rates

Andrew Taylor writes: Building societies are also unlikely to reduce the recommended 13} per cent mortgage rate when Council of the Building Societies Association meets in London on Friday. Most of the clearing banks charge 13? per cent on home loans, although they claim that differing methods of calculating interest payments make bank mortgages fully competitive with those of building societies.

The reduction in bank base rates yesterday was thought to he insufficient to trigger a response by the societiesparticularly as banks had not reduced their momtgage rates. Building society lending continued to run at record levels in May and monthly net receipts were at their highest for at, least 16 months. Societies are thus under little immediate

pressure to change their rates. Building society figures for last month are due to be published on Friday. These are expected to show that societies borrowers in the past three months. Net receipts of £437m in April were the highest since January 1981. leading building societies indicate that receipts for May might have bee neven higher.

£ in New York June 7

\$1,7975-7990 \$1,7925-7945 1 month 0.23-0.28 pm 0.22-0.26 pm 13 months 0.94-0.99 pm 0.80-0.85 pm 2 months 3.25-3.35 pm 2.95-3.05 pm

Argentina would fight on for Leader, Mrs Thatcher saw no Government's belief that the point in a fresh British iniative years for control of the islands. islanders would not want the In an interview with the Argentines involved in any way

Port Stanley almost sealed off

FALKLANDS WEATHER:

Cloudy and cold. SW winds

force 6-7 with 10-12 ft seas

Temp upper 20s. OUTLOOK: Sunny and cold. Winds

westerly force 6-7 with 10-12 ft

eas. Increasing cloud. Temp

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

BRITISH forces are believed to be well on their way to sealing off the Argentine garrison in Port Stanley. It was confirmed yesterday that the hills to the north of the Falklands Islands capital have been captured by British troops. According to figures released today some 9,000 British troops,

including Royal Marines, paratroopers, Guards, Ghurkas and support troops, have been landed on the Falklands. Not all of these are yet deployed in the Port Stanley area, but correspondents with the task force say troops have been arriving over the past few days to reinforce those established for the last week on and

forward of Mount Kent, which controls the coastal plain to Port Stanley. Yesterday defence officials either

battle 18

The French economy: Mitterrand's unpalatable choices 19

Unemployment: getting beyond glib

talk 19

Technology: Daimler-Benz sophisticated

Gardens today: the hardy, dependable

cistus 14

confirmed that British troops have outflanked the Argentines to the north of the capital and almost certainly control the hills of Mt Longdon and Wire-

The Defence Ministry con tinued to allow what operational news there is of the campaign to come from correspondents on

For latest Share Index phone 01-246 8026

less Ridge.

Yesterday, despite persistent reports, it was unable to confirm

Falklands erisis, Page 6 that Major-General ~ CONTENTS Commercial law: intention insufficient Britain's miners: Scargill prepares for for legitimate last voyage 14

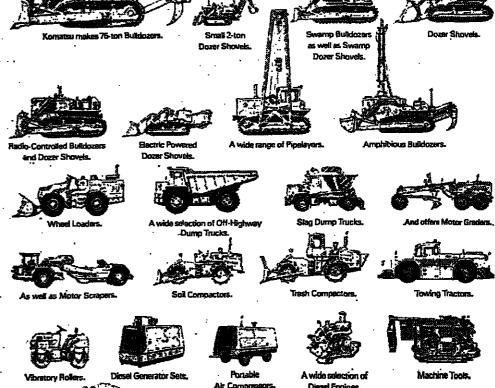
> removes demarcation barriers 16 Editorial comment: Middle East; SDP and pay policy 18 Energy review: Whitehall chill over

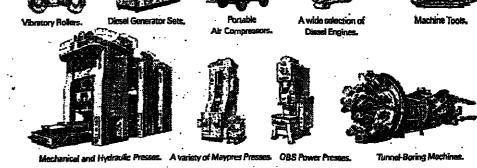
> Management: U.S. industrial group

Survey: West German banking and finance

INTERIM STATEMENT Wall Street ANNUAL STATEMENTS TV and Radio Capper Non PROSPECTUS ADS.

Parliament Page 12





maintains that, when the tran-

sitional arrangements expire, fishing in all Community waters

would be open to all Community

Britain, whose coastal waters hold more than 50 per cent of the EEC's most valuable fish,

maintains that its current ex

clusive six-mile coastal limit and 12-mile zone allowing only limited "historical rights" 40

others would remain intact if

nothing was put in its place on

Clearly, without a resolution of the problem before the end

of the year, another EEC con-

stitutional crisis could be in

prospect, similar to the recept

farm prices disputein which

Britain's veto was overridden

by a majority of the member-

will this week take up the ques-

fisheries ministers when they

meet in Luxembourg next Tues-

persuade the Western allies to impose trade and credit restric-

NORSK HYDRO a.s

8½% Deutsche Mark Bonds of 1982/1992

The European Commission

an agreed EECwide basis.

BY LARRY KLINGER IN BRUSSELS

BRITAIN AND France are on ment between Britain and the verge of settling their long-standing dispute over fishing sible.r rights in British coastal waters. Pressure for agreement has

If the talks are finally successful, they could remove the most acrimonious stumbling block to the establishment of an EEC common fisheries policy (CFP), ments following acc a goal that has eluded the Euro- EEC 10 years ago. pean Community despite six years of almost continuous

negotiation. Following months of diplomatic activity which culminated in Monday's meeting in London between Mr Peter Walker, the British Fisheries Minister, and his French counterpart, M Louis Le Pensec, both sides acknowledge that their talks have "at

last borne fruit."
... While refusing to commit themselves publicly ahead of discussions within their own governments and with their respective fishing industries, officials acknowledge that, on the ministerial level, all the serious hurdles have been

Agreement on the "access question, however, would not guarantee the establishment of CFP. Still outstanding would be the question of the share-out states. of the available fish among the EEC member-states, an issue which involves not only Britain tion of new fishing quota pro-and France but Denmark, West posals to present to the EEC nany, Ireland, Belgium and the Netherlands.

Nevertheless, without agree- day.

terday that the "most reaction-ary circles of imperialism"

Offering Price:

Atlantic Capital

Bank of Am

Comecon summit opens

advantageous East-West econ- Eastern Europe.
omlc relations." AP-DJ

Oslo/Norway

DM 100,000,000

991/4%

Den norske Creditbank

Deutsche Bank

Algemene Bank Nederland N.V.

Bank of Tokyo International

Bering Brothers & Co... Limited

Berliner Bank

Delbrück&Co.

Kleinwort, Benson

Bayerische Vereinsbank Aktiengesellschaft

Blyth Eastman Paine Webber

Citicorp International Bank

Crédit Commercial de France Creditanstalt-Bankverein

Dillon, Read Overseas Corporation

Groupement des Banquiers Privés Ge

Kuwait Foreign Trading Contracting & tment Co. (S.A.K.)

Morgan Stanley International

Nomura International Limited

Sel. Oppenheim jr. & Cie.

PK Christiania Bank (UK)

Société Générale

J. Vontobel & Co.

J. Henry Schroder Wagg & Co.

Union Bank of Switzerland (Securities)

bieutsche Landesbank

BUDAPEST — Mr Gyeorgy Although he did not make the Lazar, the Hungarian Prime the United States by name, he was referring to attempts by Ronald Reagan to

"trying to freeze mutually tions on the Soviet Union and

U.S. gloom over steel exports agreement

ing a negotiated agreement with Europe on steel exports to the U.S. were "extremely slim." Mr Bill Brock, the U.S. Trade Representative, said in Washington yesterday. Mr Brock's comments came

been growing steadily as the December deadline approaches for the expiration of Britain's transitional fishing arrange-ments following accession to the France, supported by con-siderable EEC legal opinion, being sold at unfair prices.

Thursday's decision is regarded by the U.S. steel companies as a crucial event in the unprecedented assault which they launched on steel imports earlier this year.

Around 40 per cent of U.S. those in question

In the past few days, there have been suggestions of a last-minute attempt to reach a voluntary agreement be-tween the U.S. and the European producers in order to avoid what could become a serious international trade

But Mr Brock said yesterday that talks between U.S. trade officials and Europeans to work out an agreement to avoid the need for a Commerce Department ruling were informal and not what he would characterise as

ment finds that steel imports are being subsidised by foreign governments, importers will have immediately to post bonds covering the alleged subsidies. The preliminary findings will be subject to final ratification by the Com-merce Department and the U.S. Trade Commission later

SOCIALISTS GAIN MOST IN LOCAL ELECTIONS

Big Italian parties see support ebb

BY RUPERT CORNWELL IN ROME

THE LATEST round of Italian were also scored by the other ministration. elections has provided further smaller "lay" parties in the preparate the introduction the sent government coallition—the Minister bin Scored Democrate the Libertals been strength Socialists and their smaller Social Democrats, the Liberals, centrist allies are making into the vote of the Christian Democrats and, a love all, that of the Communists traditionally the country's two dominant parties.

Lest weekend's voting in per cent of their support. But volved almost 900,000 people, in towns scattered up and down

in towns scattered up and down the country. Although the figure represents barely 2 per cent of the total national electorate, the consistency of the trend makes the outcome a pseful pointer to the country's political mood.

The biggest victors were the Socialists, who increased their strength in towns of more than 000 voters (where results are decided on a proportional basis)

deeply worried about their par-ticularly poor showing in the South. In Castellammare di Stabia, close to Naples and regarded as a reliable pointer to trends in the South in general, the Communists lost around 5 per cent of the vote. In national terms, the outcome

The position of the Prime Minister bimself has probably been strengthened. But the key will be the artifude of Sig Bettino Craxi, the Socialist leader: whether the results incline him to press for a general election as soon as possible, with the aim of cashing in on his party's current popularity, or to hold off (per-haps until next spring) in the belief that the tide has yet further to run in his favour The early indications are that he may prefer to wait. Never-

employers association to pull out of the agreement on the

are expected to approve the Apparently both sides have agreed that the Pope should go to Czestochowa, but the pro-gramme is still (entative and will depend on political

Go-ahead

in Poland

for Pope's

THE POLISH CHURCH and She

state authorities have agreed a visit by the Pope to Poland i

After a meeting yesterday in Warsaw, senior Polish bishon

they "joyously repeat they invitation to the Bope to the 600th anniversary celebrations

in Czestochowa this Angust

to the Polish authorities at church and state meeting which began at the parliament build.

ing soon after the dishon meeting ended. The authorities

This decision was conveyed

visit

developments. developments.

The visit became possible after the Pope decided to go both to the UK and Argenting despite the conflict between the

two countries.

The Polish Church will be emphasising the pastoral aspects of the visit, and the precedent set by the visit to Britain and Argentina means that he will be able to keep contacts with Poland's martial law authorises

to a minimum.

The proposed visit introduces a new dimension to Polants rather stagnant political seem and strengthens the hand of the church in its relations with the popular extention.

The visit weakens hardlinen in the establishment arguing for for a policy of no concessions as well as radicals in Solidarity pressing for a confrontation with the Govern

General Jaruzelski's martial law edminisation no doubt regards with appreadosion the prospects of the massed crowns out to see the Pope, but evidently the notion that he visit will confer a form of respectability on the regime has outweighed those fears.

Also, the authorities will me doubt have been attracted by

the effect the visit could have on Western policy towards Poland, especially as news of the trip comes in the week of the Nato sumanit and President Reagan's tour of Europe. The Pope will be coming to

celebrate the anniversary of the

arrival of the picture of the Black Madonna at Polandi national shrine in Czestochowa. If there is a sharp deterioration in the political situation then; of course, the visit will become impossible. This conviction will no doubt add vigour to the efforts of the church and moderates in the party leader ship like Mr Kazimien Barcikowski to maintain the

national accord before August The church, too, will now no doubt launch a programme pre-paring the faithful for the visit, which the radicals will avoid disrupting with calls for demonstrations or strikes.

social peace and start talks on a

In a reassuring signal to the Polish authorities, the Pope has made Bishop Bronislaw Dabrowski secretary of the Polish bishops' conference. Hehas been responsible for contacts with the authorities for many years.

FINANCIAL TIMES, published daily except Sundays and holidays. 1).S. subscription rates \$365.00 per snow. Second Class postage paid at New York, N.Y., and at additional mailing.

THE PROSPECTS for reach-

two days before the U.S. Department of Commerce is scheduled to give a preliminary ruling on whether carhon steel exported by European companies to the U.S. is

steel imports are subject to complaints alleging unfair pricing either due to government subsidies or dumping. Thursday's decision will cover the basic steel anti-subsidy cases, which form the bulk of

If the Commerce Depart-

weigh upon the meeting soon of leaders of the five coali-tion parties, which will becide by around 4 per cent to almost the immediate future of Sig 14 per cent. But significant gains Spadolini's 11-month-old ad-

theless, economic problems could cause the meeting to be tense. A forthcoming series of measures to cut spending and Government revenues could arouse controversy. Another factor is the decision by Confindustria, the private Scala Mobile.

be all the more welcome in

that petrol prices here are

set to rise this week from the

present level of L960 per litre (£1.80 a gallon). In addition

they will receive coupons worth L10,000 (£4.24) off

Those journeying south of

a line from Rome to Pescara

on the Adriatic will be

eligible for an extra L16,000

(£6.77) of motorway toli

reductions, and up to an extra 200 litres of cheap

The facilities will be avail-

able at frontier posts and tourist offices inside and out-

side Italy from tomorrow.

The authorities hope they will help ensure a bumper tourist season, after a

generally disappointing 1981.

motorway fees.

petrol.

Scala Mobile system of wage indexation light's time biggest unions yesterday confirmed a one-day general strike in protest, to be held on June 25.

On both issues, divergences have been evident between the Christian Democrats, who are broadly in favour of a tougher

line, and the Socialists, who

are analous to avoid responsi-

bility for harsh economic deci-

sions, unlikely to be popular with the electorate: Last night; Intersind, the association of public employers. was due to announce its own stand on whether to begin negotiations for three-year Jabour contracts, and whether to follow Confindustria's example and withdraw from the

Nuclear power scheme takes step forward

BY JAMES BUXTON IN ROME

TALY'S DRIVE to construct a series of nuclear power stations to stave off the alarming prospect of power shortages towards the end of the decade has taken a modest but signifi-

cant step forward.

The regional governments of Lombardy and Piedmont, two of the three regions asked by Rome to designate sites for the proposed power stations on their territory, had done so by yesterday's deadline, set six months ago. A third region, Apulia in the south-east, has failed to do so, partly because of a political turnoil in its ruling council

Any region that has not met the request for the designation of a possible site—which must be chosen in accordance with the national map of seismic data—can have the choice made over its head by the central Government. But such a step would only be taken if it were considered politically oppor-

The designation of a site is only the start of a lengthy process of obtaining further approval, though it means that detailed tests on the site itself can now take place. The next,

This advertisement appears

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ITALYS campaign to attract tourists. and with them foreign currency, moves into top gear this week with the re-launch of cutprice petrol coupons for foreign visitors, coupled with the introduction of special reductions in motorway tolls,

The package is tailored to provide particular benefits for travellers to poorer southern Italy. The total saving could amount to L78,000 (£33), with the guarantee of a free emergency breakdown

All tourists arriving by car will be entitled to compone granting them a L150 (6p) discount on up to 150 litres of petrol. The advantage will

crucial stage, is to gain the firm approval of the local commune municipality covering the

Theoretically, this process should take a year and a half, to be followed by the start of

seven years will then be needed for the completion of the planned 2000MW pressurised water

reactor plants.
Obtaining the firm consent of the commune has been a construction. It is reckoned that recently holding up the con-

Rome for nearly a year after site preparation had begun. But opposition to nuclear power has become less strident lately, tending to concentrate on issues of compensation rather than of principle.

The main political parties in-creasingly have inclined to favour nuclear power, acknowledging its attractions for a country that lacks significant resources of all and coal.

Italy relies on oil—almost all of it imported—for 67 per cent of its energy needs, against an EEC average of 55 per cent. Nuclear power provides an almost negligible proportion of its energy needs, from only three functioning plants.

Because of the failure to

commence the building of nuclear and coal fired power stations, Italy has suffered several winters of power cuts and reductions. The situation will improve in the next two years as plant comes on stream. but will then deteriorate in the second half of the decade, since only one large power station has been commenced since

Oslo Government wins backing for policy change

BY FAY GJESTER IN OSLO

NORWAY'S minority Conservaof policy from that of the

Parliament voted 79-76 to cancel plans to build a stateowned akuminium plant in` Tyssedal, where an obsolete smelter was scrapped several years ago. But in order to provide work for some of the 260-strong labour force previously employed in aluminium smelting, it approved the Government scheme to build an ilmenite smelter which will make titanium and plg iron.

The ilmenite plant will cost less, use much less electricity and make products for which there is a better market. Aluminium smelters in Norway are losing NKr 1,000 (£92) on every tonne they produce because of world over-supply.

another aluminium plant—in periments at the taxpayers' addition to its high initial cost

-would saddle the state with a tive Government has won loss-making enterprise which narrow Parliamentary approval would have to be subsidised for an industrial project which because of its vital role as a represents a significant change provider of jobs in a small community. Norway already has cheap hydro-electric power.

The local, state-owned company, has a "right" to the amount of cheap electricity which an aluminium smelter would have used as an ilmenite smelter, therefore it will be able to sell its surplus power. This will also improve the economics of the project.

The Labour Party and its parliamentary ally, the small Socialist Left Party, claim the Government has betrayed the interests of the local population. They point out that an ilmenite plant will provide only 177 jobs, compared with 262 for the aluminium smelter.

An MP of the far right Progress Party said both pro-The government feared that jects were just job creation ex-

set time limit for constitution

agreed to devote 102 hours to debating proposed alterations to the 1976 constitution.

private capital.

The Communist Party.
opposed to any liberalisation of

As it is, the reforms for which all eight parties repreoffered proposals—are months overdue. With an extension of voted on before the two-month summer break, but the proceedings so far have been so slug-gish that this may be overoptimistic.

Portugal's MPs

By Diana Smith in Lisbon AFTER A week's haggling, the Portuguese Parliament has

Only when the constitution is and the Millitary Councid of the Revolution is disbanded to be replaced by a cvilian Council of State and Constitutional Tribunal, can crucial supplementary legislation be introduced, re-opening banking and insurance to

the Socialist inspired constitution, wanted no time limits for the debate because of their vital innortance.

sented in Parliament have the legislature into late July. they could be discussed and



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THE WEST GERMAN federal

capital of Bonn, a torpid city of functionaries and pensioners, is

wearing an unusually haggard

of State and government.

tation. There is the Coalition

Government, which has just

suffered losses at the Hamburg

by-election which would have

floored politicians less inured

to compromise; and then there

is the peace movement, a coali-

tion of no fewer than 1.830

groups, which plans to mobilise

some 200,000 people on Thurs-

day against nuclear re-arma-

ment, the policy of the alliance

and President Reagan's defence

President Reagan will prob-ably see little of this army of

is ferried about, in well-chaperoned groups, from air-

port to Bundestag to banquet

and back again. The Bonn police have insisted that the

demonstration be held, not in

the Hofgarten in Bonn itself

October, but across the Rhine

occasional catches of speeches

movement

for a horticultural show.

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By Walter Ellis in Amsterdam H CHURCH THE Netherlands' economy is ities have agree going down hill fast, Mr Dries van Agt, the Prime Minister, told Parliament yesterday, promising urgent remedial action. His pessimistic outlook is confirmed by the latest report neeting vessels raior Polish be communique to the Popel to versary call by of the Dutch Central Planning Bureau, which expects unemployment to rise again this versary celebration was one authorities state meeting. year. It also forecasts stagnant industrial production, a rise in wages above the projected rate of inflation, and a decline in

Economic

outlook

gloomy

for Dutch

the standard of living. The Bureau says unemployment could reach 525,000 this year, or more than 10 per cent of the workforce. Prices are likely to rise by 5.5 to 6 per cent and wages by an average of 6.5 per cent.

The rate of productivity gains in the Netherlands has been declining for some time, and the Bureau foresees little change in this pattern this year. Exports, it says, could push up manufacturing output by 2 per cept Construction, however, should fall by 3.5 per er cent, and there could also be a drop in the level of energy production.

In the Bureau's opinion, wage rises, though above the level of inflation, will not be enough to compensate for large rises in social security contributions, the current 0.5 per cent employment surcharge on income tax and cutbacks in family allowance—all brought in within the ≝first year. .

Turning to company performance, te Bureau perceives some recovery of the very low rate of porate profitability, but links gathis to the continuation of low rerest rates. It sees private regsumption ufalling by 2 per ent, corporate investment by per cent, housebuilding by 3 per cent and government spend gifing on capital projects by 1.5 per cent

Export performance is expected to remain good, with a projected 2 per cent increase - keeping the country in step with the general trend in world trade. The rise, according to the Bureau, will take place despite

a 12 per cent fall in the volume V of natural gas exported.

Dissension in the ranks of West Germany's peace movement

BY JAMES BUCHAN IN BONN

Reagan visit worries West Berlin

air as it prepares for to-day's arrival of President Ronald FOR DAYS Herr Richard Reagan and for its first ever Weizsaecker. summit meeting of Nato heads Berlin's governing Mayor, has been urging West Berliners to give a "heartfelt welcome" It is also a city of coalitions where nething is done without lengthy bargaining and a truly to President Ronald Reagan who, he said, was coming to monstrous volume of decumen-Berlin to "get to know us

writes Leslie Colitt in Berlin. Mr Reagan said recently he was anxious to learn the motive of those people who were planning to demonstrate against him on his trip. But neither welcomers nor protestors will get very close to the President, who will begin what security officials call the most hazardous portion of his European trip when he arrives in West Berlin on

Friday morning. More than 180 groups plan to hold a massive rally terrow, parallel to the one in Bonn, against Nato's decision to introduce new U.S. nuclear missiles to West Germany.

The city's Far Left Alternative List (AL) party applied for permission to demon-strate on Friday outside Charlottenburg Castle when President Reagan is to speak to 20,000 invited West Berliners. The police, however, said the rally outside could not take place until the President had left Berlin at 2,30 pm. The AL has promised to "stage imaginative peaceful actions" to

undermine the Mayor. West German and U.S. security officials speak of "violent elements" from all over West Germany, converging on West Berlin for the President's visit. The West Berlin police force, which is mobilising its voluntary section for the first time, has

strongly involved last October.

has withdrawn entirely because

of what they believe is an anti-

Herr Leinen insists that the

Nato summit and the U.S. is its

greatest power. "I expect the

movement to take a much

greater interest in the numbers

and details of Soviet nuclear

armament in the next months,"

Nevertheless, the demonstra-tion's manifesto holds closely to

the Soviet view over what, in

the field of intermediate-range

missiles, ought to be negotiated at Geneva and the movement

accepts the Soviet contention of

Nato superiority.

U.S. slant.

had practice in clearing the streets of demonstrators. At a parade on the recent Allied Forces day demonstrators who ventured on to the houlevard were dragged into immediate custody by the not-always gentle riot police. For weeks the police have

been removing slogans such as "Reagan go home" and much more explicit exhoriations from building walls. Anti-Reagan stickers have been impounded; along with a tape containing battle sounds which was allegedly to be played in public on President Reagan's arrival. Such pre-emptive measures were carried out without regard for legal counteraction under two Allied orders dating from the 1950s which ban publications containing "derogatory remarks" about the occupying powers



"From the frying pan into the fire with Reagan? No." A poster in West Berlin promises the

former officers of the Bundes great power blocks," Herr wehr, such as ex-General Gerd Beckmann says. Another group, Action for Reconciliation, which was Bastran-a talisman to the eager

where the last great peaceful young people around him-who show of strength took place last, eems to argue that since nobody knows how the Soviet Union is deterred it would be worth in a park originally designed examining deterrence at a much The President may hear lower level of armament. One goal upon which prac-

or singing; but the predominant tically all of the demonstrators are agreed is to prevent the sound blowing over the river could well be that of wheedling and dissension. For the "new" peace movement, which deployment, starting at the end of 1983, of new U.S. medium range nuclear missiles in West gathered force last summer and culminated in a 250,000-strong Germany and four other Western European countries. rally last October 10, can feel Deployment will go ahead if its strength but does not yet there is no progress made at know outte what to do with it. talks on Intermediate-range "There is nothing surprising in that," says Herr Jo Leinen, Nuclear Missiles (INF) between the U.S. and the Soviet Union in one of two main spekesmen of Geneva.

committee organising "We are all agreed on INF," er Leiner says, "and tomorrow's demonstration. "We are, after all, a coalition." Herr Leiner says, "and probably also on a nuclear-free The West German peace zone in Europe. Beyond that, movement is an extremely well," and his voice is lost in heterogeneous mass, reflecting the rattle of typewriters and the origins as diverse as the chaos of excitement of the peace committee's office.

ecologists in the 1970s, women's The differences are manifold rights, the protests of the 1960s, but chiefly concern the attitude the anti-bomb rallies of the to be taken to the Soviet Union, 1950s and ultimately, through and its build-up of weaponry. the churches, the anti-war movenotably the 200 and more SS-20 ment of the Weimar Republic. intermediate-range missiles installed since 1978; the special missiles The demonstrators tomorrow will even include disillusioned position of West in relation to East Germany, where an analogous peace movement has been heavily stamped on; and to what extent the peace movement should be held back from an avowed anti-Americanism reminiscent of the time of the

Vietnam war. Matters came to a head at a meeting to discuss tomorrow's rally in April in Bad Godesjust upstream from sonn. The Professiont church and the ecologists, including the Greens, who formed a federal including political party in early 1980, strongly resented the concen-tration on U.S. iniquity and what they considered to be packing of the meeting by the orthodox West German communist party (the DKP), and

other Marxist groups.

"They played only a tiny role
at the October peace demonstration," said Herr Lukas Beckmann one of the leaders of the Greens. The Greens insisted on having speakers from East Germany and withdrew from the demonstration and refused to sign the declaration. They have now agreed to

take part again. Other peace groups say that the Greens, with 25,000 members, were merely angling for the votes of respectable citizens and have been rewarded by their dazzling success in the Hamburg election last weekend, where a Green grouping emerged as third strongest party. Indeed, their headsquarters in Bonn, neatly squeezed between the Social Democrats and the Christian guishable from these political barracks except that the Greens' lawn is left unmown,

in organic profusion. Herr Beckmann denies these charges. The Greens have accepted the demonstration's manifesto but added a rider. This takes over the symbol of the East German peace move-ment. Swords into Ploughshares, but adds "in East and West." "The best hope for our aims is a dismantling of the

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Apel urges that detente policy be continued

BY JONATHAN CARR IN BONN

WEST GERMANY has urged detente is that it will help. Nato could then be used by that the policy of detente with achieve through negotiation a the East bloc be pursued despite rough East-West military demonstration is not designed at the person of Ronald Reagan, but that a Nato summit is a setbacks, and stressed that it balance at the lowest possible would suffer most in any future level of force. European war.

> Herr Hans Apel, the Defence Minister, makes these points in an article published today—on the eve of the summit conference here of the North Atlantic Treaty Organisation.

He stresses that the alliance must not neglect its conventional forces, so that it can resist attack from the East effectively without early resort to nuclear weapons. He also points out, however, that a key hope of

One of Bonn's principal aims at the summit is to gain endorsement of these two principles—military preparedness and detente—from all participants, including the United

to gain what they are after. although the word "real" or "genuine" may be inserted before the word "detente" at the urging of Washington.

The West Germans are likely

The "Bonn declaration"

West Germany as implicit backing for a continuation of its Ostpolitik-not least of its efforts to improve relations with the other German state.

In his article Herr Apel stresses that all Nato states share the burdens and risks of the allaince, but that if it comes to a war then West Germany will be the battlefield.

Even neighbouring states like France and Britain—let alone the U.S.—are in a more satisfactory position than West Germany, although they have their own troops on German

supporting mainten-While ance of Nato's conventional strength, the Minister also speaks out against the recent suggestion by former hight U.S. officials that Nato formally renounce first use of nuclear weapons to halt a Soviet conven-

tional attack. This proposal, says Herr Apel, would imply an actual strength ening of the West's conventional forces. Even if all member states managed to achieve the Nato aim of an annual increase in defence spending of 3 per cent in real terrs- and fewer and fewer seem able to do this —the necessary troop strength would not be achieved.

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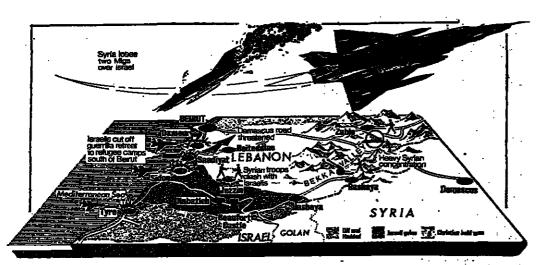
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As the Israeli invasion of Lebanon completed its third day yesterday, FT writers assess its effect on the rest of the Middle East



Probing the Israeli credibility gap

invasion of southern Lebanon, there is still a wide gulf between what the Israelis appear to be doing and what they say they are doing.

Their ostensible objective is to neutralise forces of the Palestime Liberation Organisation (PLO) in southern Lebanon and (PLO) in soumern Levanon and ensure that they will never again be able to shell the towns and Kibbutzim in northern Galilee. To do this, the Israelis have said they will establish 40km cordon sanitaire glong

The Israelis say that the PLO had some 6,000 to 8,000 armed in southern Lebanon.

guns, mostly 130mm pieces with a range of 27.5km, and 155m guns with a range of 23.5km, along with BM 21 Katushya rocket launchers and

Before last weekend they are thought to have had 80 tanks, largely Russian-made T54s and T34s. The PLO's total man-T34s. The PLO's total man-power strength in Lebanon is put by the Israelis at 15,000. Asked yesterday how the campaign was going, an Israeli military spokesman said: "We are well on the way to knocking out all the terrorist pockets in

He mentioned in particular

THREE DAYS after their together with about 300 field the concentration of PLO forces around Tyre, where there are thought to be 1,500 PLO men and at Nabatiya. The campaign would therefore seem to have

been a lightning success.

But if the Israelis merely ranted to destroy the PLO in the border area, there would be no need to capture Sidon, 60 km from the Israeli border, or shell Damour, 20 km further north.

Israeli news management is tight that the British Ministry of Defence's bandling of the Falklands crisis looks wildly indiscreet. Nevertheless, it is difficult to escape the feeling in Tel Aviv that the "Peace in Gafilee" campaign

It is not at all clear what the.

zone. At some points, such as Sidon they have advanced well over 40 km into Lebanon; in other places, notably to the north-east, where they might come into contact with the Syrians at Rachaiya, they appear to have held back. It is clear that the Israelis

have thrown in many more troops than in the Litani operation in 1978. Discotheques have been closed and there are numerous advertisements

is a much bigger operation than local - newspapers cancelling anyone is letting on. The key receptions and parties because question is, what is its ultimate of the situation in the north of the situation in the north. Reservists who were not soil up, according to local reports.
It will be surprising it a force of anything less than 20,000 men had been committed, and the numbers could be as high as 60,000. Roads to the north yes. terday were busy with men and material making their way to the front lines.

It is probable that the Israeli's minimum objective is not had to clean out a limited are in the south of Lebauon but the thorough destruction of the PIO

U.S. tries

diplomatic

persuasion

MR ALEXANDER HAIG the U.S. Secretary of State yester day said that the U.S. had

launched a major diplomatic campaign to secure a cease.

fire, accompanied by an Israeli

withdrawal from some Lebanon. He made it clear, however, that the U.S. was not yet ready to apply sauchous

against Israel

against Israel ir Halg, in London for President Ronald Reagan's state visif, said that Mr Reagan thought the first

priority was to do everything possible to bring about "a termination to the bloodshed."

Mr Reagan repeated his call to Israel to "bring its forces home" in yesterday's West-

minster address to members

of both Houses of Parliament

taken on whether sanctions or punitive action should be

taken against Israel, Mr. Halg

U.S. decision had yet been

Iran offers help to Syria

By Louis Fares in Damascus and Our Foreign Staff in London

A top-level Iranian delegation has arrived in Syria to offer military help in stemming the Israeli advance in Lebanon. President Hafez al-Assad of Syria held immediate talks with Colonel Salimi, the Iranian Minister of Defence, Colonel Sayyed Shirazi, the Army Commander, and Mr Mohsen Rezai, who heads the Revolutionary Guards.

The Iranian delegation carried a message from Mr All Khamenel, the Prime Minister, in which he pro-mised help in the struggle against "Zionism, the battle to liberate the occupied territories, and the occupation of southern Lebanon."

Although there is little immediate practical help the Iranians can provide, the visit. of such a senior delegation to Damascus is clearly intended to contrast with the attitude of some Arab states, such as Saudi Arabia, which have offered only condemna-tion of the Israeli invasion. The Iranian offer is also

recognition of the support provided by Syria in the Gulf war. In part because of their bitter ideological dispute with Iraq, the Syrians have provided a steady flow of arms and ammunition to Tehran and have joined the Iranians in demanding the overthrow of Iraq's President Saddam

Iran has also presented its latest military success in the Gulf war as a step on the road to freeing Jerusalem from Israeli occupation. This has not stonned Iran from accept-

Mr Ariel Sharon, the Israell Defence Minister, admitted in Washington last month, that "a small amount" of military aid had been sent to Tehran. But he insisted that it did not represent any wider support for Iran in the war.

Soviet Union 'not asked for aid'

By Anthony Robinson in Moscow THE PALESTINE Liberation Organisation has not asked the Soviet Union for military assistance in the present conflict and does not intend to do so, the PLO representative in Moscow, Mr Mohamed Asheir, said yesterday.

He praised the Soviet Union for its "principled stand" in support of the Palestinian people. The Soviet Union had supplied the PLO with arms, military training and economic and scientific help, he said.

PLO likely to survive, bloody but unbowed

BY ROGER MATTHEWS IN LONDON AND NORA BOUSTANY

Organisation is today fighting emerge mailed but politically spreading the locations of the perhaps rather less badly dam- arms and ammunition dumps.

cleared the Palestinians from conventional military lines during the past 18 months, there is no doubt that, as the Israelis advance, the Palestinians will

Khalil al Wazir, better known as Abu Jihad, the Commander of Fatah's Assifa forces and deputy commander of the PLO revolutionary forces, said: "We don't care how much land the Israelis occupy, because our guerrillas will continue their hit and run operations, behind enemy lines."

The larger PLO formations will now have broken up into relatively small groups which, though out of contact with any headquarters structure, will prove difficult for the Israelis to flush out without a massive military presence.

These groups will probably be able to mount hit and run raids against smaller targets, especially when the Israells halt and try to establish a longer-term

THE PALESTINE Liberation individual groups of men. The Palestinians will, of course, for survival—a battle from have serious resupply problems which militarily it will certainly but they are well practised in

During the March 1978 Already it is clear that the invasion of south Lebanon, Israeli invasion of Lebanon has small groups of Palestinian guerrillas were still trickling back into headquarters from most of their major bases south of Beirut. Although the PLO has tended to organise on more the advance had haited. One group explained in detail how the Israekis had been wary of moving off the main metalled the Palestinians will roads, thus allowing the classical guerrilla Palestinians fairly free access, especially at night, to the surrounding countryside.

> Mr Yassir Arafat, the PLO leader, is thought to have at least 15,000 men directly under his control, although it could be as high as 20,000. No more than about 400 were killed when Israel invaded in 1978. The death toll this time is certain to be much higher but is unlikely to be more than a small pro-portion of total Palestinian armed strength.

Palestinians concede that their forces in south Lebanon have "suffered a major blow." But one military expert in Beirut predicted that the loss of land in southern Lebanon was 'immaterial to the fate of the guerrilla movement.

y to establish a longer-term. He predicted that the ilitary presence. guerrillas would be driven. The initial Israeli advantage northward towards the Lebanese. massive armoured weight, mountains and the Bekaa Valley artillery and air strikes is far where Syrian soldiers of the allmore effective against estab- Syrian Arab Deterreat Force hished positions than against are in control, in addition to

some left-wing Lebanese militia

Palestinian officials maintain that contingency plans have already been worked out with the Syrian leadership.

The escaping guerrillas will remain a problem if Israel wishes to impose its own political solution on Lebanon. Many are likely to have already fallen back into Beirut despite Israeli attempts to cut the road north of Sidon. Without an intensive and costly street-by-street operation, they will be extremely difficult to flush out. Those that have moved into Syrian-controlled areas are also beyond reach, unless Israel wishes a full-scale was with

It is not difficult, therefore, to estimate that perhaps up to 10.000 Palestinian guerrillas will evade the Israeli grasp. However, should the Christian forces in east Beirut and the north of Lebanon become involved, the situation for the PLO might become more diffi-

overall constraints must place a serious question mark over Israel's chances of driving the Palestinians out of Lebanon. A major body of opinion in the Israeli cabinet would like to see all the guer-rilias transferred to Jordan where there is already a substantial Palestinian population.
However, King Hussein
would, literally fight to prevent that, as President Assad probably would too if the Palestinians were driven into Syria.

many Palestinian guerrillas will the more extremist factions in as a hero. The last Israeli invastay in Lebanon. Unless there are massive military and political restraints it will not take them long to begin regrouping

Israel will undoubtedly be considering how to prevent this settlement, and his initial sup- generous in their supply of happening but meanwhile Mr port for the peace plan Arafat will be looking at how advanced by Crown Prince Fahd best to guarantee his personal and political survival without losing all independence

and then rearming.

Increasing pressure on the PLO leadership to shift into an unyielding hard-line attitude would ultimately bring changes at the top of the umbrella organisation. Mr Arafat has had Without more brutal Israeli to exert enormous efforts in Within the Arab League, Mr and a shift of U.S. vicaction, it appears likely that recent months to keep the lad on Arafat will probably be greeted have proved their point.

has brought.

Israeli soldiers on an armoured personnel carrier move through the port city of Sidon, now

surrounded by their forces

by the PLO leader on the diplomatic search for a Middle East of Saudi Arabia, has caused a serious strain in relations with

sident Assad's wishes.

his ranks, growing restless with sion gave the Palestinian leader the lack of results moderation added stature, where for the first time in a Middle East war, The recent emphasis placed his forces stood alone against by the PLO leader on the diplo- Israel. The Saudis and other Gulf states will be yet more

While the situation on the ground remain so fluid, it is very difficult to guess which way the PLO will now develop. Mr Arafat will not wish to fall tainly it is likely to survive and under total Syrian control, but may have little option but to come more into line with Precome more into line with Pre- that it was pointless to rely on diplomacy, Europeans backing Within the Arab League, Mr and a shift of U.S. view, will

said. For the moment, arms shipments would continue, but there was "not very mach in the pipeline." The U.S. would defer judgment on which side was "culpable" in the conflict until it had made a full assessment Washington also nad to assess

> self defence." If the Administration decides that Israel was not acting in self-defence, it has to notify Congress. Israeli saids on Irag's nuclear reactor and Beirut last year, in which U.S. made aircraft were involved, led to a temporary suspension of deliveries of advanced U.S.

> fighters. Mr Haig said that contacts

ceeding at a very quick pace, Mr Haig said. By yesterday afternoon, forward units were engaged at Damour, north of Sidon, and the forces left at Tyre had seized a portion of the city. Israeli forces had penetrated 25 miles into Lebanon, in line with the Israeli cabinet's objective of removing Palestinian artillery from range of northern Israel. The U.S. had been closely The U.S. had been closely-watching activity by the Syrian armed forces and had not yet concluded that a dedsion had been taken in Damascus to become involved:

Some talk, but little action, as Assad avoids all-out war

BY PATRICK COCKBURN IN DAMASCUS

Syrian capital of Damascus started, are unlikely to change yesterday. "There will be some their stance. aircraft knocked down and artillery fire but President Assad wants to avoid an all-out primarily from the belief that they will lose any all-out war."

conflict with Israel. No general out of hospital to make way for being taken in Damascus.

If the Israelis do not threaten soldiers in Lebanon, then the

"SYRIA doesn't have the will or the loss of at least five jet mum publicity, with some milithe military means to fight fighters shot down by the Israeli Israel," said a diplomat in the Air Force since the invasion

they will lose any all-out war. They have no military allies in There are few signs in Syria the Arab world likely to render that the Government of Presimmediate assistance. They fear dent Hafez al-Assad expects a that they might get involved in a full-scale war with Israel by mobilisation has been declared. accident, one local observer civilians have not been moved noted. They will make the "requisite amount of noises but possible military casualties and take the minimum amount of no air defence precautions are action," a diplomat added, more cynically.

Some noise is being made in the crucial Bekaa Valley or the the local media. Clashes beareas held by the 23,000 Syrian tween Syrian and Israeli troops, tween Syrian and Israeli troops, soldiers in Lebanon, then the usually denied by Tel Aviv. are Government is likely to limit its strongly emphasised. An armmilitary action against Israel. oured brigade was moved into Exchanges of artillery fire, even Lebanon on Monday with maxi-

tary attaches openly photographing the tanks with Syrians objections. But the Government has yet to summon Western ambassadors to complain about the

If Israeli attacks are confined to areas outside Syrian control, this policy of restraint by Damascus will probably continue. A change could come, however, if the Israeli ground forces move north through the turn the left flank of the Syrian army defending Damascus.

A long continuation of the conflict will also put increasing heavy political pressure on President Assad to move heavy forces to support the Palestinians. Otherwise Syria's repu-tation as a "confrontation against Israel, on the basis of which Damascus was

promised \$1.85bn a year from result. its Arab allies in 1978, will begin to look very thin.

For this reason, the Palestin-Arafat, chairman of the Palesians intend to try to draw out see overthrown, are notoriously the conflict. Earlier this year bad and those with Jordan Mr Yassir Arafat, chairman of scarcely better. Its alliance with the Palestine Liberation Organ- Iran has strengthened President isation (PLO) said his forces would try to keep fighting for at least 10 days, to draw in the other Arabs on his side. The PLO would not agree to any

But Syrian-Palestinian relations have not been very good over the last six months. The Syrians suspect Mr Arafat's sympathy for the Saudi peace plan, while the PLO does not want to become too reliant on Syria. Discussions between the two on a joint political strategy, which have been going on in Damascus for the last few months, failed to produce a

The problem is that Syria has no military allies on whom it can rely. Its relations with Iraq, whose government it wants to Assad diplomatically within the Arab world, but Ayatollah Khomeini is too far away to back up his offer of military

Saudi Arabia has maintained amicable relations with Damascus despite the fact that the two countries backed different sides in the Gulf war. President Assad's brother, Mr Rifaat al-Assad, the second most powerful man in Syria, was in Saudi Arabia last weekend and the Saudis are keeping up their subsidy payments. The Syrians are somewhat nervous,

however, that the return of

reduce their leverage in Riyadh. But while Syria needs Saudi money, there is little that Crown Prince Fahd can do to support the Syrian army if it gets involved in an all-out war with the Israelis. It is therefore hardly surprising that President Assad wishes to do all he can to avoid a conflict.

But as be also needs to maintain his credibility as leader of a confrontation state. skirmishing with the Israelis will continue; receiving maximum publicity in the Syrian media but not escalating tob

This is a difficult tightrope for President Assad to walk. In a short sharp conflict between Israel and the Palestinians he is likely to succeed. but a more prolonged war will make it difficult for him to maintain his balance:

whether the Israelis had used U.S. supplied equipment in south Lebanon in "Justifiable

between Mr Philip Habib Mr Reagan's special envoy in the Middle East, and Mr Menahem Begin, the Israeli Prime Minister, had been "initially profitable" but were still continuing.

Egypt to the Arab fold may reduce their leverage in Riyadh. ceeding at a very quick nace.

Mr Haig said. On the ground, the Syrian army had taken some steps to increase its. readiness and there had been some movement of forces towards the Lebanese border, but these had not been

OTHER OVERSEAS NEWS

Japanese cabinet faces threat from Lockheed bribery verdict

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

THE COURT rulings in the November and is generally Lockheed bribery affair, regarded as a close associate of announced yesterday, in which former Prime Minister Kakuei Liberal Democratic Party have been mentioned, are likely to cause serious problems for Prime Minister Zenko Suzuki.

Yesterday's guilty verdicts on two defendants were the third to be handed down since the Lockheed hearings began, but the first to involve politicians who were members of the ruling Liberal Democratic Party when the affair occurred.

What makes the ruling even more ominous for the Government is the announcement by the court of a list of "grey officials" who were not on trial for various technical reasons, but who are said to have accepted money from Lockheed.

The list includes two members of the Liberal Demo-Mr Nikaido was appointed 1970s a LDP secretary-general in a Hashimot cabinet and party reshuffle last Minister.

Tanaka, the Lockheed affair's most celebrated defendant. The inclusion of his name on the Tokyo district court's list of "grey officials" seems certain to focus public attention on the links between the present Suzuki cabinet and the extremely powerful Tanaka faction (without whose support

able to obtain power).

The court ruling could also drive a wedge between Mr Suzuki and the leaders of other powerful LDP factions who resent the influence wielded by

the Tanaka faction.

The two men who were formally found guilty yesterday, and who have been given suspended prison sentences of two years and two and a half years, are Mr Takayuki Sato, who was cratic Party at present in the a parliamentary Vice Minister Nikaido, holds the key post of secretary general of the party.

Mr Nikaido was an arranged aircraft to Japan in the control of the party. aircraft to Japan in the early 1970s and Mr Tomisaburo Hashimoto who was Transport

Neither man was accused of soliciting bribes from Lockheed, but the court said that Mr Hashimoto accepted Y3m (£6,818) after instructing his officials to apply pressure on Japan Air Lines to delay the introduction of a wide bodied jet service which could have damaged the interests of Lock-heed's prospective customer AH Nippon Airways. Mr Sato is said to have accepted Y2m.

won re-election to the Diet (parliament) as an Independent. The Japan Socialist Party, which has shown signs of wanting to get the utmost mileage out of the Lockheed hearings, will almost certainly demand that Mr Sato now resigns his seat.

Both Mr Sato and Mr Hashi-moto resigned from the LDP after their cases came up for trial, but Mr Sato subsequently

Mr Suzuki ... uncomfortable the same way.



leaders in his own party feel

Mr Suzuki heard the news of the Lockheed verdicts in New York where he had gone after the Versailles summit to address the United Nations. The Prime It may also claim this as a precedent for the case of Mr Tanaka (who also sits in the Diet as an Independent) if he is found guilty next year. Mr Suzuki may feel bound to fight the JSP's demand but must also the many dealers that the LDP politicians implicated in the affair were men who had "worked hard for the condense of the conde wondering whether faction their party and their country."

Fraser angry at 'nuclear free Victoria' plan By Michael Thompson-Noel PLANS TO declare the State of

Victoria a nuclear free zone have incensed Mr Malcolm Fraser, the Australian Prime

Mr John Cain, the Victoria Premier, says legislation will be introduced in the next few months banning nuclear power stations, uranium mining and enrichment, nuclear waste storage, and visits to Victorian ports by nuclear powered ships, or vessels carrying nuclear

Mr Cain and the Victorian Labour Party won control of the state in the April elections. Mr Fraser, who leads the ruling Australian Liberal Party, accused Mr Cain of trying to wreck Australia's defence relationships.

In Darwin, in the northern territory, where the federal

cabinet was meeting. Mr Fraser said yesterday that if necessary he would recall federal parliament to overrule the Victoria decision.

In Canberra the row is ex-pected to lead to a major confrontation in the Senate, which is controlled by Labour and the Australian Democrats.

ELECTIONS IN MAURITIUS

Future of Diego Garcia in doubt

BY BERNARD SIMON IN MAURITIUS

Mauritius end the U.S.'s use of wang Opposition Mouvement Militant Mauricien (MMM) comes to power in Friday's general election, the MMN's secretary-general Mr Paul Berenger said yesterday.

The MMM is a clear favourite to unseat the ruling coelition government of Sir Seewoosagur Ramgoolem, who has been Prime Minister of Mauritius since the island's independence from Britain in 1968. The future of Diego Garcia,

halfway between Mauritius and Sri Lanka, is a key difference in the electoral platforms of Sir Seewoosagur's Labour Party and the Socialist MMM

Formerly a Mauritian dependency. Diego Garcia was ceded to Britain shortly before independence. The UK has leased the island to the U.S. for 50 years.

wil ask India, the Organisation African investments. Diego Garcia as a military base of African Unity. (OAU), the in the Indian Ocean if the left UN and possibly the World Court to support its claim.

The present government is also keen for Mauritius to have sovereignty over Diego Garcia, but Sir Seewoosugar said yesterday that, in the event of this happening, the U.S. would

Despite the Diego Garcia dispute, the MMM has recently softened its stance on a number of other issues. It is working bard to attract votes from the country's conservative Hindu majority, and appears to realise that there are no easy answers to Mauritius's dire economic problems, which stem from the Prime Minister said. that there are no easy answers to Mauritius's dire economic sharp fall in sugar prices. Sugar accounts for two-thirds of the island's export carnings.

THE INTERNATIONAL com- from us. We will do everything Airways of landing rights on the munity will be asked to help to recover it." He said the MMM island nor nationalise South "The South African route has become an essential financial

aspect of Air Mauritius's finances," he said, Mauritius depends heavily on its trade and but Sir Seewoosugar said yesterday that, in the event of this happening, the U.S. would be allowed to maintain its base there.

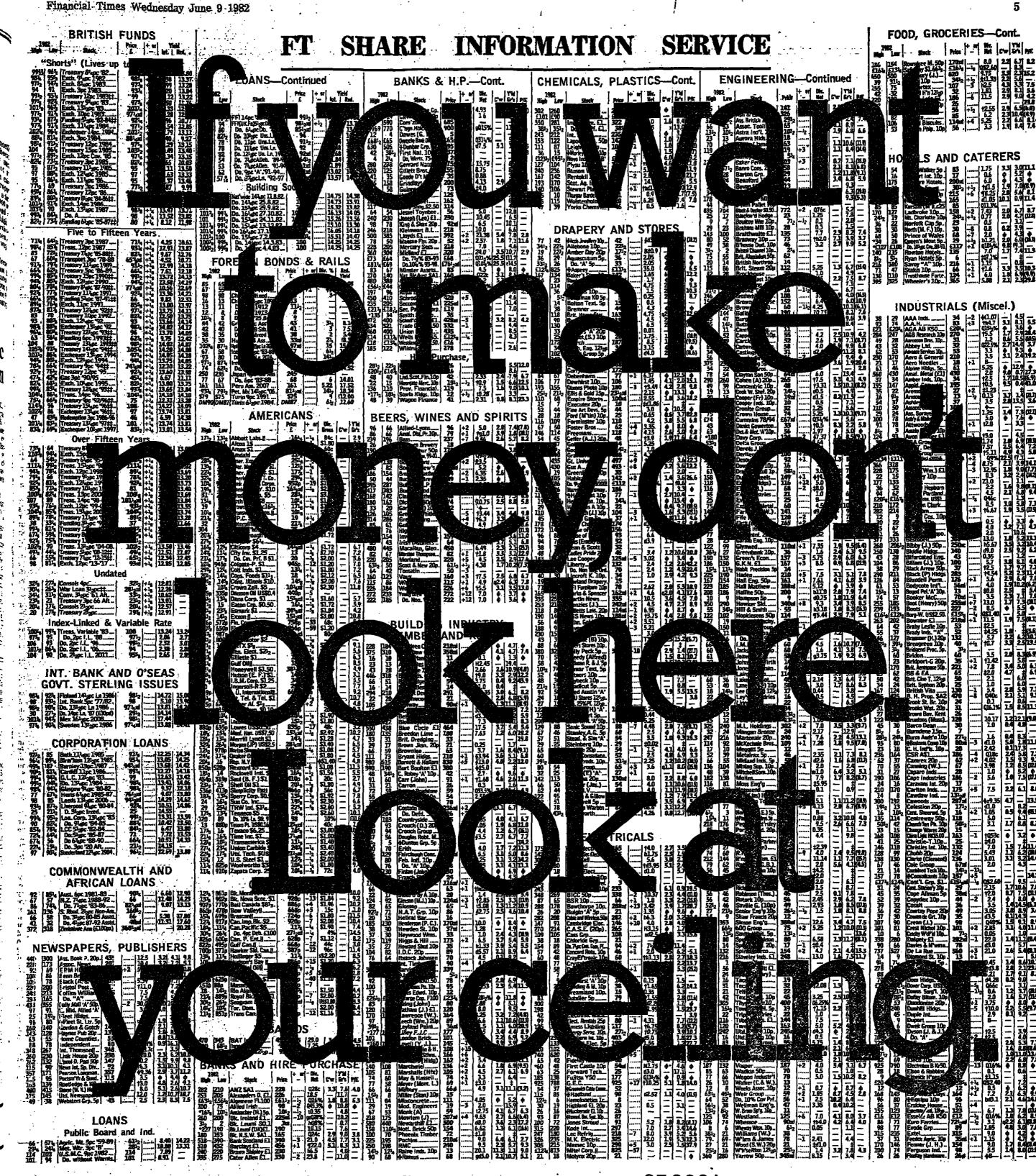
Despite the Diego Garcia dispute, the MMM has recently served its stance of the served its st tourism links with South Africa.

But he insisted that the Labour Party, which has been in power for over three decades, will not attempt to forestell the

The MMM has promised to o Britain shortly before island's export carmings.

But it wants to change the condependence. The UK has Reversing earlier statements, stitution to allow for easter in years.

Mr Berenger said: "We continue to allow Air Mauritius to sugar plantations) and the form of south Africa and mould continue to allow Air Mauritius to sugar plantations) and the sider Diego Garcia as our fly to South Africa and would creation of a republic within territory, which has been stolen neither deprive South African the Commonwealth.



If you can see an ordinary "fat" fluorescent tube, you're unlucky.

Because fat fluorescent tubes eat up your

money.

n doub

And the best way to save yourself some money would be to get up on your desk-and change the tube for one of the new slim Power-Savers from Thorn.

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For example, if a medium size factory with offices switched to these money-savers, it would

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BANKS SHOULD consider carefully the economic policies of countries borrowing on international capital markets and should be cautious about providing financing which "only has the effect of allowing a country to continue to live beyond its means," Mr Jacques de Larosiere, managing director of the luternational Monetary Fund, said

In a strong defence of the IMF's policy of promoting economic adjustment by attaching conditions to the loans it makes to deficit counon the Fund's member governments to agree on increases in their fund subscriptions by the end of next

The deadline for a review of fund quotas agreed at the recent ministerial meeting at Helsinki should be a "matter of high priority". Without additional quotas the fund would lack the financial leverage it requires to prom-Given the necessary re-

sources the IMF will promote adjustment policies by industrial and developing countries alike".

THE United States is belatedly

turning to Brazil as the anchor of its battered relations with

South America. Gratified that

at last it is being given the

attention it fells it deserves.

Brazil for its part wants to keep

month of the first official visit

Welcoming President Joao

Figueiredo to the White House,

President Ronald Reagan lauded

the former cavalry general with

expressions of "joy," "greatness" and "potency." However,

the Brazilian Press and the

taken in by what one magazine

chemistry being regarded as

Apparently, the two men got

called "the Hollywood climate."

Administration

the opportunity last

U.S.

the point.

Kirkpatrick attacks Haig 'amateurs'

the abrasive and outspoken singling out the Reagan Admin-U.S. ambassador at the United Nations, is in the headlines again after accusing her country of having behaved 'like a ounch of amateurs" in

The U.S. delegate's latest controversial remarks about remarks about Washington's foreign policy were made at a New York luncheon of the conservative Heritage Foundation, and came as relations between Mrs Kirkpatrick and Mr Alexander Haig, the U.S. Secretary of State. reached an all-time low.

In her address to the re-

MRS JEANE KIRKPATRICK, took pains to say she was not istration but several decades of U.S. foreign policy. But the frustrations at current U.S. Latin American policies and her personal feud with Mr

> Mrs Kirkpatrick, who has the reputation at the UN of behaving like the typical superpower representative, often wielding the big stick at members of non-aligned countries, has now taken to dressing down her own She claimed the U.S. was

impotent in the UN because "we simply have behaved like search group Mrs Kirkpatrick a bunch of amateurs."

decline of U.S. influence in the understanding Listin American UN is part and parcel of the deckine of U.S. influence in the world. And that is a direct reflection of what has been a For his part. Mr Haig is persistent eneptitude in interunderstood to have described national relations."

We would be a content of the part of t

is very strange that we Ameritanking clearly on this issue cans, who are very good at because of her close links with politics, should be so inept at Latins." He is reported to have international politics in arenas told her to stop interfering such as the United Nations." She accused her country of

Mrs Kirkpatrick added: "It and emotionally incapable of with his policies.

The question now is how long "stumbling from issue to issue can Mrs Kirkpatrick survive in almost on a mad hatter basis." her current position. The aver-Mrs Kirkpatrick has not hid- age life of the chief U.S. dele-den her concern and displeasure gate at the UN is about two at America's decision to back years and Mrs Kirkpatrick is Britain in the Falklands crisis. now nearing the deadline.

Bogota military court jails 120 guerrillas

Cool Brazil keeps Washington at arm's length

Andrew Whitley reviews a new

U.S. courtship in South America

Brazil's frustration over being shared role involving the Falk-

120 guerrilla suspects have been announced last week that he members of the M-19 group, and security law passed in 1978, by murder.

the measure goes through, the But lawyers believe the protwo-and-half year long court ceedings have been so fraught martial of some 200 people ac- with irregularities that the

ship. As a senior U.S. official told Brazilian journalists, "How

could two men who both love

Sr Figueiredo's notorious

remark on taking office," I pre-

fer the smell of my horses to

the smell of the people," was

Instead diplomats from both

gramme and "re-democratisa-

tion" is an essential part of the

new relationship between the

The fresh outlook Washington

is giving to Brasilia comes in

the wake of its estrangement

with Buenos Aires as a result

Argentina had been seen as

the cornerstone of an alliance

of anti-communist countries in

"stabilising, moderate force."

personal words, can be regarded as a

forgotten.

horses not get on?'

diplomatically

two countries.

to Washington by a Brazilian countries stress that Brazil's President for 11 years to make political liberalisation pro-

large official party was not of the Falklands crisis. Whereas

on well together in their brief Latin America, Brazil, in its own

completed first. sentenced by a military court.

President Julio Cesar Turbay

The sentences vary from two months up to 30 years for two The sentences vary from two

would be lifting state-of-siege cover charges ranging from re-legislation, including a tough bellion to kidnapping and June 19. Over 100 of those standing
But as all guerrilla trials trial are currently in prison—
will automatically move from many were judged in absentia

unable to influence the course

of events leading up to the

Argentine invasion of the Falk-

lands was compounded by its evident lack of influence sub-sequently. "We would be

prepared to help find a solution

Brazilian diplomat said privately

from the country's traditionally

low-key approach to foreign

affairs, but a signal that Brazil

position against involvement in

Both the U.S. and Britain are

believed to be very interested in

securing Brazil's participation

or co-operation in some form of

joint international actions.

It was a modest departure

changing its long-standing

Brasilia.

we could be of use," a

decided to lift martial law after forces because the May 30 presidential elections were peaceful and orderly and there was no sign of any serious threats to internal

State-of-siege legislation has been in force for most of the past 26 years, and was most recently imposed in 1976. Some 40 decrees involving radio and television censorship, strikes,

lands, once Britain has com-pleted their recapture.

According to White House sources, Brasilia has already

agreed in principle to help.

What eventually transpires on

the ground will depend on the

exact conditions involved, but it

could mark an historic change

of outlook for this introverted

Plans for the Brazilian Presi-

were dogged by bad loc). First, the planned dates coincided with the World Cup in Spain—

President Figueiredo being a

continental-sized country.

public meetings and drug trafficking offences will also be repealed. It is assumed consultation with the armed that those held under the 1978 security law will be released. M-19 has apparently suffered insurgency operations in the southern-eastern jungles of Colombia. Urban guerrilla activity has also been reduced. Some 18 people accused of belonging to M-19's urban network were captured just before the election, reportedly with plans for sabotaging voting.

zikan officials argued stroagly

it was shortened and stripped

in public at least, little store

was being put on its outcome.

But nor was it a success either.

for the Brazilians received no

satisfaction on a list of very

specific grouses, ranging from sugar quotas to the Law of the

a debates, they brought to

The visit was not a failure as,

of frills but went ahead.

Salvador president backed

THE U.S. Ambassador to El Salvador believes that Congress has "diawn the wrong conclusions" about the new right-wing leadership in El Salvador. Mr Deane Hinton said on

Monday that Congress had delivered a "bum rap" on the country by voting to cut off military aid after a recent change in El Salvador's land reform laws. Mr Roberto d'Aubuisson

the extreme right-winger who became president of the conbecame president of the con-stituent assembly after the U.S. backed elections in March, is "basically a patriot, intent on working within the country's democratic system." Mr Hinton told the World Foreign Affairs Council. Sr d'Aubuisson had left his

"highly questionable past" behind him, Mr Hinton be-lieved, although he added that he could offer no guarantees that Sr d'Aubuisson would not revert to the kind of be-baviour which had led the previous U.S. Ambassador to describe him as "a patho-logical killer."

Sr d'Aubisson has b linked to right-wing death squads and to the assassina-tion of the progressive Archbishop Oscar Romero two

same time, interest rates set by those very same banks within the U.S. have a painfully direct

correlation with the fortunes of

age caused to the Brazilian

economy by high U.S. interest

rates and trade protectionism

during President Figueiredo's

visit Further complaints were

the U.S. inspired moves by the

multilateral lending agencies,

notably the World Bank, to

The twin themes of the dam-

Brazilian industry.

BY HUGH O'SHAUGHNESSY, LIATEN AMERICA CORRESPONDENT ARGENTINE political life was swift return to civilian rule thrown into confusion early later this year.
yesterday morning when Politicians had
General Leopoldo Galtieri, expected that the the President, suggested that the return to democratic government, promised by successive military regimes, could of the government house on be slower than expected and March 13, just before the that foreign policy could be "wholly recast."

The first public reaction to Gen Gaitiert's remarks, which were delivered at the press office of the presidential palace, has been hostile. The influential Radio Continental, in its morning news programme, said the president's apparent wish to slow down progress towards civilian rule was "inadmissible."

Referring to legislation officially promised for mid-year, Gen Galtieri said the new law regulating the organisation of political parties, whose activi-ties have been banned since the military coup of 1976, would be promulgated as

expected. He unexpectedly added, however, that after the confirmation of the parties' political leaders "it will be seen whether better circumstances obtain-or not—for a continuing advance in the institutionalisation of the

Gen Galtieri's remarks are a clear indication of his doubts

FALKLANDS CRISIS

Galtieri hints return to civilian rule may be delayed

expected that the transition would be rapid, not only because the large political demonstration staged in front Falklands invasion, was seen as a clear sign of increasing impatience with the military regime but also because the sacrifices represented by the Falklands war are flidught to justify greater public participation in government.

Gen Gaitieri's doubte about Argentina's political future come amid mounting special tion about the immine sition of newspaper censorship. Gen Galtieri's cemarks on foreign policy also appeared to run counter to statements on Monday by Sr Nicanor Costa Mendez, the Foreign Minister. Sr Costa Mendez has been under fire since his return from non-aligned foreign ministers' meeting in Havana last week for having appeared

too friendly to the conference chairman. President Fidel Castro. On Monday he commented "I have no defence to make,"

and added that Argentina would not move its ideological position or its political position

Bank still providing credit

ARGENTINA is continuing to British banks to share but

Mr Armacost said in London than a fortnight. yesterday that the bank was maintaining all shoot-term credit

lines. He refused to quantify the extent of his bank's debt exposure to Argentina. facilities open to Argentina," he a strictly commercial basis. commercial entity we have tina.

Mr Armacost said he had no keeping the credit in place," he

receive money from the Bank of Argentinian interest payments America, according to Mr Sam under long-standing loan pro-Armacost, chairman of the visions. U.S. banks have been receiving such requests for more If Argentina were to ask for

additional funds medium-term syndicated loans, the bank would "consider it," said Mr Armacost. All dealings "We have kept our credit with Buenos Aires would be on declared. The conflict is be-tween the UK and Argentina. As duce its credit lines to Argen-The bank has no plans to retina) has met all conditions for

RONALD REAGAN TELLS MPs OF THE MARCH OF FREEDOM

'The democratic revolution gathers strength'

from the text of yesterday's address in the Royal Gallery, Palace of Westminster, by President Reagan to Members of both Houses of Parliament:

Speaking for all Americans, I want to say how very much at home we feel in your house. Every American would, because this is one of democracy's shrines. Here the rights of free people and the processes of representation have debated and refined . . .

From here I will go to Bonn. and then Berlin, where there stands a grim symbol of power untamed. The Berlin Wall, that dreadful grey gash across the city, is in its third decade. It is the fitting signature of the regime that built it.

And a few hundred kilometers behind the Berlin Wall there is another symbol. In the center of Warsaw there is a sign that notes the distances to two capitals. In one direction it points toward Moscow. In the other it points toward Brussels, headquarters of Western Europe's tangible unity. The Western marker says that the distances from Warsaw to Moscow and

Poland is at the center of European civilization. It has by being magnificently unreconciled to oppression.

Poland's struggle to be existence, that other genera-Poland, and to secure the basic tions could never even have rights we often take for imagined. granted, demonstrates why we dare not take those rights for granted.

We are approaching the end of a bloody century plagued by a terrible political inventiontotalitarianism. Optimism comes less easily today, not because democracy is less vigorous, but because democracy's enemies have refined their instruments of repression. Yet optimism is in order because, day by day,

be a not-at-all fragile flower. From Szczecin on the Baltic to Varna on the Black Sea, the regimes planted by totalitarianism have had more than 30 years to establish their legitimacy. But none-not one regime-has yet been able to risk free elections. Regimes planted by bayonets do not take root. . .

We have not inherited an Warsaw to Brussels are equal. easy world—if developments The sign makes this point: like the industrial revolution,

THE FOLLOWING are extracts Poland is not East or West, which began here in England, and the gifts of science and technology have made life much easier for us—they have contributed mightily to that much easier for us—they have civilization. It is doing so today also made it more dangerous. There are threats now to our freedom, indeed, to our very

> There is, first, the threat of global war. No President, no Congress, no Prime Minister, no Parliament can spend a day entirely free of this threat. And I don't have to tell you that in today's world, the existence of nuclear weapons could mean. if not the extinction of man-kind, then surely the end of civilisation as we know it.

That is why negotiations on intermediate range nuclear forces new underway in Europe and the "Start" talks-Strate-Arms Reduction Talkswhich will begin later this month, are not just critical to American or Western policy; they are critical to manknid. commitment to early success in these negotiations is firm and unshakable and our purpose is clear: reducing the risk of war by reducing the means of waging war on both

At the same time there is a threat posed to human freedom by the enormous power of the modern state. History teaches the dangers of government that overreaches: political control taking precedence over free economic growth, secret police, mindless bureaucracy—all com-bining to stifle individual excellence and personal freedom. .

teaches self-delusion in the face of unpleasant facts is folly. We see around us today the marks of our terrible dilemma—pre-dictions of doomsday, anti-nuclear demonstrations, an arms race in which the Westmust for its own pretection be an unwilling participant. At the same time, we see totalitarian forces in the world who seek subversion and conflict around the globe to further their barbarous assault on the human

In an ironic sense, Karl Marx was right. We are witnessing today a great revolutionary crisis—a crisis where the deare colliding directly with those of the political order. But the crisis is happening not in the free, non-Marxist West, but in the home of Marxism-Leninism, Soviet Union that runs against the tide of history by denying freedom and human dignity to its citizens. It also is in deep

economic difficulty. The rate of growth in the Soviet gross national product scourge of terrorism that in the Republican and Democratic strength in the hope it will has been steadily declining Middle East makes war an ever- Party organizations are initiat- never be used. For the ultimate

half of what it was then. The dimensions of this failure are astounding; a country which employs one-fifth of its population in agriculture is unable

to feed its own people.
Since the exodus from Egypt, historians have written of those who sacrificed and struggled for freedom: the stand at Thermonylae, the revolt of Spartacus, the storming of the Bastille, the Warsaw uprising in World War

More recently we have seen evidence of this same human impulse in one of the developing nations in Central America. For months and months the world news media covered the fighting in El Salvador. Day after day we were treated to stories and film slanted toward the brave freedom fighters battling oppressive government forces on behalf of the silent, suffering people of that tortured

country.

Tnen one day those silent suffering people were offered a chance to vote to choose the kind of government they wanted. Suddenly the freedom fighters in the hills were exposed for what they really are: Cubanbacked guerrillas who want power for themselves and their backers, not democracy for the people. They threatened death to any who voted and destroyed hundreds of buses and trucks to keep people from getting to the polling places. But on election day the people of El Salvador, an unprecedented 14m of them, braved ambush and gunfire, trudging miles to vote for

ince and personal freedom...

If history teaches anything, it freedom...

On distant islands in the face on distant islands in the face of South Atlantic young men are fighting for Britain. And, yes, voices have been raised protesting their sacrifices for lumps of rock and earth so far away. But those young men aren't fighting for mere real estate. They fight for a cause, for the belief that armed aggression must not be allowed to succeed, and that people must participate in decisions of government under the rule of law. If there had been firmer support for that principle some 45 years ago, perhaps our generation wouldn't have suffered the blood-letting of World War II. In the Middle East the guns sound once more, this time in I chemical programme to the support of the suppor

Lebanon, a country that for too long has had to endure the tragedy of civil war, terrorism and foreign intervention and effort.

The fighting in We in America now intend for a one-third reduction in Lebaron on the part of all to take additional steps, as strategic ballistic missile warparties must stop and Israel many of our allies have already should bring its forces home, done, toward realising this But this is not enough. We same goal. The chairman and must all work to stamp out the other leaders of the national

Washington. Trade with the U.S. has lessened over the past five years or so as Brazilian exporters

dent's trip to the United States around the world, but U.S. cash -invested in Brazil and lent to finance growth and service existing debt-remains of funda- ing between the two countries mental importance for the South But, as President Figureiredo keen soccer supporter, the programme had to be brought forward—then the Faiklands storm
blew up. A number of top Brawith a mighty \$4bn (£2.22bn), relationship of the old type.

But beyond the troublesnots

lies a deeper, more positive

pattern. Around the world

today the democratic revolu-

tion is gathering new strength.

In India, a critical test has been

passed with the peaceful change of governing political

parties. In Africa, Nigeria is

moving in remarkable and un-

mistakable ways to build and

strengthen its democratic insti-

tutions. In the Caribbean and

Central America 16 of 24

countries have freely elected

governments. And in the United Nations, eight of the 10

developing nations which have

joined the body in the past five

. In the Communist world as

well, man's instinctive desire

for freedom and self-determin-

ation surfaces again and again.

Some argue that we should

encourage democratic change

in right-wing dictatorships, but

not in Communist regimes. To accept this preposterous notion

-as some well-meaning people

have-is to invite the argument

that, once countries achieve a

nuclear capability, they should be allowed an undisturbed

reign of terror over their own

citizens. We reject this course.

that even without our encour-

agement, there have been and

will continue to be repeated

explosions against repression in

dictatorships. The Soviet Union

itself is not immune to this

reality. Any system is inherently unstable that has no

peaceful means to legitimise its

leaders. In such cases, the very repressiveness of the state ulti-

mately drives people to resist

it—if necessary, by force . . . The objective I propose is

quite simple to state: to foster

the infrastructure of democracy - the system of a free press,

unions, political parties, univer-

sities—which allows a people to choose their own way, to

develop their own culture, to

reconcile their own differences

Over the past several decades.

Social Democrats, Christian Democrats and Liberals have

offered open assistance to fraternal political and social

institutions, to bring about peaceful and democratic pre-

vigorous new democracy, the Federal Republic of Germany's

political foundations have be-

come a major force in this

gress. Appropriately for

through peaceful means.

reality.

We cannot ignore that fact

years are democracies.

that the trip should be post- Brazil's \$67bn medium and poned or cancelled. In the end long-term foreign debt. At the

wean countries such as Brazil off cheap loans. "more mature" re A new. lationship is sai dto be merg-



Reins of power: President Reagan riding with the Queen at Windsor Home Park yesterday

ing a study with the bipartisan determinant in the struggle American political foundation to determine how the United States can best contribute—as a nation-to the global campaign for democracy now gathering force. They will have the co-operation of Con-gressional leaders of both parties, along with representa-tives of business, labour, and other major institutions in our society. . . .

At the same time we invite the Soviet Union to consider with us how the competition of ideas and values—which it is committed to support-can be conducted on a peaceful and reciprocal basis. I have discussed on other

occasions, including my address on May 9, the elements of Western policies toward the Soviet Union to safeguard our interests and protect the peace. What I am describing now is a plan and a hope for the long pian and a nope for me long term—the march of freedom and democracy which will leave Marxism-Leninism on the ash-heap of history as it has left European and other other tyrannies which stifle the freedom and muzzle the selfexpression of the people.

That is why we must continue

our efforts to strengthen Nato even as we move forward with our zero option initiative in the negotiations on intermediate-range forces and our proposal

Our military strength is a preprequisite to peace but let it be clear we maintain this now going on for the world will not be bombs and rockets—but a test of wills and ideas—a trial of spiritual resolve: the values we hold, the beliefs we cherish and the ideals to which we are dedicated.

The British people know that, given strong leadership, time, and a bittle but of hope, the forces of good ultimately rally and triumph over evil. Here among you is the cradle of selfgovernment, the mother of Parliaments.



NatWest announces that with effect from Tuesday, 8th June, 1982, its Base Rate is reduced from 13% to 121/2% per annum.

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Fort Worth	Tulsa
Detroit	OklahomaCity

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such difficult decisions as having to choose between smooth pâté or the richly textured pâté de campagne. Shrimp in mustard sauce. And this is before dinner.

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Urgent appeal to boost Third World energy investment

money into energy development ening energy crisis in develop-

of the International Energy De-velopment Corporation (IEDC), "Burdened with debt and said at a London seminar yes-terday that an "international exploration fund" ought to be set up to mobilise private sector importing developing countries funds for use "primarily if not clearly face far more than a exclusively" in exploration in short-term crisis," he said.

in such investments had been greatly exaggerated, and that the potential returns had been resist such a departure, Mr Strong called for a lead to be taken by the International Finance Corporation the band possession of the band ignored. But because the oil Finance Corporation, the hard-loan wing of the World Bank, and by the national oil com-

THERE IS a "compelling need" terms on which they would for new ways of channelling allow foreign organisations to search for indigenous energy in the Third World if the deep- sources, and to improve the operating environment for such

according to a leading energy
specialist in London yesterday.

Mr Maurice Strong, chairman
the energy-deficient countries
of the International Energy Dewith the prices of their export commodities at the lowest level for some 30 years, the oilimporting developing countries

developing countries. Noting the returnance of He claimed the risks involved many investors to put their money into oil or gas exploration in developing countries. Mr Strong argued that "the political risk factor has been

Strong was convinced that "it and by the national on the panies of developing countries the with a distribute cross and of major oil-importing ing to base the financing of energy projects on a properly plades of the income should be feasible even in coun-He also called on developing secured pledge of the income countries to improve the fiscal they generate."

Queensland bid to increase coal exports to Europe

BY RICHARD JOHNS

increasing substantially its exports of coal to Western Europe, Mr Ivan J. Gibbs, the state's Minister of Mines and Energy, said yesterday seven countries.

the region Last year, per cent, of shipments totalling 27.69m tonnes, but Mr Gibbs emphasised that the Queensland Coal Board sees it as a major potential market in its bid to the Netherlands and 330,124 utilise fully capacity currently tonnes to Belgium. installed or under implementation of 50m tonnes.

As it is, earnings from coal almost wholly high quality its plant at Redcar.

QUEENSLAND IS aiming at coking fuel, surpassed those of grain and sugar, the state's main traditional exports, in 1981. Total Queensland output last

year was 35m tonnes. Mr Gibbs was speaking at the London at the start of a visit to start of a tour of the UK. France, Sweden, Denmark, Holland, West Germany and accounted for 5.4m tonnes, or 20 Italy. Last year Queensland per cent, of shipments totalling sold 1.78m tonnes to Italy, 1.13m tonnes to France, 934,910 tonnes to the UK, 635,512 tonnes to Spain and 615,490 tonnes to

The most important UK customer is the British Steel Corporation, in particular for

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European airlines lost \$700m in 1981

By Michael Donne, Aerospace Correspondent

NET LOSSES by the European scheduled airlines amounted to about \$700m (£388m) during 1981, compared with \$900m in the previous year. according to preliminary figures prepared by the European Airlines Association.

This figure includes both the operating losses incurred by the airlines (which were down substantially at \$122m against \$460m in the previous year), and financial charges (such as interest payments on new equipment).
The latter rose substantially

during 1981 as a result of high interest rates, coupled with the increase in the value of the U.S. dollar, especially since many European airlines in that year placed orders for new equipment for delivery in the mid- to late-1980s. Most of the equipment either came from the U.S. or had U.S. components.

The association, which includes both British Airways and 19 other major European airlines, points out that while most traffic forecasts point towards a modest traffic growth in the future, the short-term outlook "is still rather bleak, and all indica-tions are that the economy in general, and the air transport industry in particular, will still face serious problems."

Most traffic forecasts are, in-

deed, pointing towards modest growth compared with the high 8 to 10 per cent growth rates experienced in the last decade.

Governments can play a role in helping airlines to turn their losses into profits by exercising cost control those items in which they have a major say.

In the medium term perspec tive—four to five years—air-lines must carry on with their fleet renewal plans, in order to be able to benefit from more economic, fuel-efficient aircraft types. However, this era of low

growth and losses has not allowed for sufficient reserves to be made for capital require

he association points out that while there are currently some considerable political and consumerist pressures towards cheaper fares in Europe, it would be "quite inopportune and very dangerous indeed to adopt policies which are adopted in a completely different environment such as the U.S., whilst even there, questions are now being asked as to their actual

Douglas optimistic over operations growth

THE DOUGLAS Aircraft company, the commercial sir-craft maker in the McDonnell Deuglas Corporation, is cautiously optimistic about the prospects for growth in domestic and international scheduled airline operations in the 1996s. in the 1996s.

At the same tie, however,

the company is concerned about the rapid fall in orders commercial aircraft. which could see production of its DC9 and DC-10 airliners cease for lack of orders by the middle of next year. The company expects the by between 6.6 per cent and 7 per cent on average between now and 1995. This in turn is expected to create placement commercial aircraft worth up to a total of \$268bn (£148.8bn) by 1995 at

1980 prices, Mr Bill Gross,

company's headquarters at Long Beach, California.

To win a share of this market, Douglas is working on designs for three new civil airliners. These are the Super 10 derivative of the BC-10 airliners, possibly to be powered by the Rolls-Royce RB211 535 F4 turbe-

fan engine; the DC-10 Super 30/40, a stretched version of

craft said recently at the

the existing DC-10 and the D-3300, the latest version of the company's long-running plans for a 150-seat airliner. The market for a future airline with 150 seats is the target of the most intensive battle among aircraft makers to win airline orders. The Douglas Aircraft proposal for the D-3300 is a version of the company's MDF 190 proposal, launched originally with Fokker of the Netherlands. Fokker withdreve last year

and Douglas, looking for new

partners is in direct com-...

petition with the proposed : A320 airliner from Airbus Industrie.

McDonnell Douglas Is anxious for potential airline customers for the 150-seat new generation airliner to harden up fheir tentative interest into firm orders. Existing work at the Long Beath factories is steadily running out, as airlines retrench in the face of limited current growth in scheduled airline passenger

The company is rapidly working through a diminishing order book for its DC-9 and DC-10 airliners and a rapid reduction of staff has had to be enforced at the California factories to bring manpower capacity more into line with the reduced demand for civil airliners.

The factories at Long Beach have suffered most. Douglas shed over a quarter

of its 25,558 staff at the works over the first quarter of this year as demand continued to slump for commercial aircraft

The company now employs 18,546 staff at Long Beach and has only one year of work left on current orders for each of its two main civil aircraft programmes, DC9 and the DC-10. Douglas Aircraft has won a total of 1,090 orders for its

DC9 twin-engine airliver, but by May 17 this year the latest available figures, the company had delivered all but 37 of the aircraft. These remaining airliners are now eing produced at the rate of 0.71 aircraft a week.

At this rate, the total current order book for the DC9

will be exhausted by the mid-dle of May next year. A similar picture affects production of the DC-10, the company's long-range inter-continental airliner. Douglas

left on production of the air. craft. Airlines ordered a total of 383 of various DC-19 models, but 368 of these have

aiready been delivered. The remaining 15 aircraft are being assembled at the Long Beach works, but at a rate of only 0.3 aircraft a week enough work for almost exactly a year. McDonnell Douglas, however, is to reduce the annual production rate from the present 15 a year to eight-a-year by next year, in an attempt to spin out the little remaining work.

The company also has air. line options for 20 more DC-10 airliners, but with demand for scheduled air travel growing only slowly, and with new, more fuel efficient aircraft on the drawing board, there is no great confidence that these options will be converted to firm

Export credits dispute looms between Japan and EEC

BY PAUL CHEESERIGHT IN TOKYO

A FURTHER dispute between Japan and the EEC loomed yesterday on the conditions to govern the grant of export oredits over the next year. An open breach could signal the start of an export credits war. Officials at the Ministry of International Trade and Industry (Miti) in Tokyo said any attempt to change a series of Swedish proposals on interest evels for export credits is unacceptable.

But in Washington, officials said the U.S. would accept minor modifications to the proposals. The nature of the modifications was due to be discussed yesterday with Mr Axel Wallen, in early May to reach agreethe chairman of the export ment on a new pattern of credit group at the Paris-based interest rates for export credits

Organisation for Economic and on the means to achieve Cooperation and Development. The divergence of these positions means that the current regime for the grant of officially subsidised export credit could expire on June 15 without agreement on a replacement. This in turn would open the

way for any industrialised nation to offer subsidised credits without restriction. It would mean the breakdown of the Consensus the international agreement on guidelines for the grant of officially subsidised export-credit, which draws in 22 industrialised nations at OECD.

a general reclassification of borrowing countries - this the interest rate they have to pay.

Sweden put forward compromise proposals which were later accepted by the U.S. and Japan, but the EEC asked for and was gratited a delay on any decision until June 15, the day after it holds a Finance Ministers Council meeting in

· Miti officials said that Japan accepted the extension on the condition that the extension would be for this one period The Consensus nations failed only; the present situation on interest rates is intolerable, The proposals would raise

per cent and for middle income country borrowers by 0.5-0,6 of rich category. a percentage point to 11.0-11.6

The rate for Japanese yen would be set at a minimum 0.3 of a percentage point. above the Japanese long-term prime rate, to give a new export credits lending rate under resent conditions of 8.7 per

At the same time, the pro posals specified that the reclassification of borrowers would take place without any transitional period. This would ise the level of newly industrialising countries from

tively rich borrowers by 1.0-1.25 middle income category and percentage points to 12.25-12.5 move the Soviet Union from the per cent and for middle income middle income to the relatively

The EEC has not formally presented ideas for specific change to these proposals friner to the U.S. or Japan. But Japan has been informally sounded out about raising the premium from 0.3 to 0.5 of a perce point; a point of especial in-terest to the UK.

If Japan were to subsidise its export credits at the same rate as the high interest countries in the EEC, it would be able to lend at a rate of 6 per cent, the officials commented.

U.S. drive to insure Greek vessels

BY ANDREW FISHER, SHIPPING CORRESPONDENT

U.S. MARINE insurers yesterday served notice that they will plaint by a leading Greek ownmount a strong challenge to wear away a large slice of Greek shipping business from

Mr Allen Schumacher, chairman of the American Hull Insurance Syndicate, proposed an expansion of the marine market in the U.S. as an alternative to Greek links with the City through Lloyd's of London. Speaking at a shipping conference in Athens, he said "as

er that the surcharge imposed by Lloyd's on vessels from Greece since 1978 was discriminatory.

"The fact that the United States resents an alternative market is something which should give food for thought to the British underwriters," said Mr Aristomenis Karageorgis, President of the Union of Greek Shipowners.

With profit margins declining fast, he added, a shipowner had expand, we will plan to expand to put sentiment behind him. He can no longer afford to pay

His proposal followed a com- the higher London rates just because his father and his grandfather insured with Joe Bloggs in the City." Greek owners, with one of

the largest combined fleets in the world, have long been irked at the London surcharge, im-posed because of the view taken in the City of Greek operations' relative riskiness. Mr Karageorgis said the sur-

charge was not based on the personal record of the man or company involved, "but on that of a handful of Greek owners who have not lived up to the

Putting the U.S. view, Mr Schumacher said his syndicate preferred to make a more individual assessment of ficets compared with the rule-of-

He said the capital and surplus of companies authorised to write marine insurance busi ness in the U.S. was over \$20bn (£11.1bn). Yearly ocean marine premium written in the U.S. was around \$1bn. The largest block came from cargo business, with the next largest from

Textiles concessions row grows

industry organisation Comitextil said in a statement issued following its annual meeting that it will demand EEC withdrawal from the Multifibre Arrangement (MFA) at third countries win too many concessions from the EEC Commission.

The Commission has begin a series of bilateral talks with 28 developing countries on their textile frade with the Community, during which it is seeking to restrict growth

Commercial passage to India becomes difficult to win

our hull portfolio continues to

our facilities."

BY K. K. SHARMA IN NEW DELHI

for cheap export credits by

European countries expired.

adjacent coal mine.

Mirage jet fighters.

ing for a number of industrial

electronic telephone exchange factory even before tenders

IN THE aftermath of the Indian success in India is the 1,000 MW Government's decision to revoke thermal plant at Rihand, the Government's decision to revoke a letter of intent for a 1.5mtonne steel plant given to Britain's Davy McKee, one Indian Steel Ministry official noted: "There may be an 'entente cordiale' between Britain and India politically, but we have to judge each com-mercial transaction strictly on

The official's remarks illustrate the increasing difficulties British concerns are encountering in winning major contracts in India. Competition from other foreign companies and consortia is severe, and India's economic policies are changing -not necessarily to Britain's advantage.

Letter of intent

The Indian steel ministry revoked the letter of intent, arguing that Davy had unduly inflated its costs. It subsequently appointed the Govern-Metallurgical Engineering Consultants (Mecon) as the prime contrac-Consultants

Davy, in its defence, claimed that a cost review was unavoidable following a last-minute change in contract specifications by the Indians. But the Indian Government is unmoved. Mecon has decided that domesmeton has decided that domes-tic suppliers now will supply substantial amounts of work and equipment for the plant, most of them in the public sector. Cancellation of the Davy deal has put the steel plant back three years, according to Indian Steel Ministry officials.

Rest of work

The rest of the work will be opened to outside bidding by tender. Davy's chances of winming a share of this business are seen as difficult, although it and other British companies could win orders as subcontractors if Mamesman Demag of Germany tenders.

Davy's loss of the steel project is nevertheless a residence. ject is nevertheless a major set

back. Davy's success was in no small part due to the fact that Britain's Overseas Development Administration (ODA) offered £160m in aid linked directly to the Davy project — and additional to bilateral programme aid worth £140m in gross terms in 1980-81.

The only recent British

panies for a similar contract for which Britain's System X is in the running. This contract turnkey contract for which was awarded last month to a consortium led by Northern Engi-French have an edge by winning the first deal. neering Industries (NEI). This was based on an attractive financing package and was Both the British (BL) and the French (Renault and Peugeot) signed just before the deadline lost to Japan's Suzuki for col-

with the nationalised Maruti Udyog, as did nearly a dozen other automobile companies from Europe and Japan. Still pending is a related project for development of an Except for these, major British success in commercial Both are trying for parts of the contracts for building the Rs 6bn Nhava Sheva satellite deals in India has been limited to a film contract to British Aerospace in 1978 for building the Jaguar at the Bangalore plant of Hindustan Aeronautics. The future of this is uncertain in the face of India's port of Bombay, although it is unlikely a turnkey deal will be awarded to a foreign company.

Other big contracts in the offing are for at least eight uncertain in the face of India's decision to buy French-built thermal plants of the kind NEI has won. The next is expected to go to Japan's Midsui, negotia-tions with which are in an The French now are far ahead in the race to win turn-key contracts India is still offeradvanced stage.

laboration to build a new car

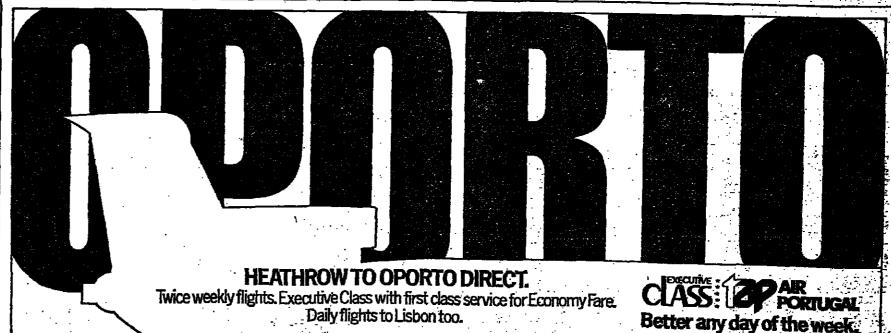
Possibly the most prestigious contracts are to be won from Indian Railways \$900m scheme Pechiney is setting up an alumina plant in Orissa; CIT Alcatel has just been given a letter of intent for the first to computerise its operationsprobably to be financed partly by the World Bank and for which U.S. and European concerns are competing with were considered by ten com- Indian companies.

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Rate

Midlands sees no sign of end to recession

BY ARTHUR SMITH, MEDLANDS CORRESPONDENT

INDUSTRY LEADERS in the Midlands see no sign of an end

Orders remain low, cash flow ? is deteriorating and redund-ancies will continue, Mr Chris Wallicker chairman of the West Midlands council of the Confederation of British Industry, said yesterday.

The Midlands, with its heavy concentration of manufactur-ing industry, has consistently taken a more pessimistic view of economic prospects than national forecasts. Major structural changes were continuing within the region, said Mr

He cited the forklift truck industry where Japanese imports take 40 per cent of the UK market compared with 10 per cent two years ago. Such a rundown had an impact on the vehicle components industry that was so important to the

Activity and output remained flat. "There was some apparent improvement a few months ago, but that has now fallen back. I would say we are still bouncing along the bottom and I expect it to be flat for some months to come."

Mr Wallicker said recent optimistic growth forecasts seemed to be based on stock rebuilding. There was no evidence of that in the West Mid-

the points about life assurance

selfing made by Professor Jim

Gower in his discussion docu-

ment Review of Investor

Professor Gower, a company

law expert and adviser to the

Department of Trade, was com-

missioned last year to review

the field of investment-services

and investor protection after a

His first report, in the form

of a discussion document, covered a wide range of invest-

ment subjects. He was highly

critical, in particular, of door-step sales of linked life bonds.

Offices and the Industrial Life

Offices Association, in a joint

response, say that the life assur-

ance industry is already subject

to adequate supervision by the

They feel that existing insur-

ance legislation already pro-

vides effective protection for the public. They do not acknow-

ledge the distinction made by

Professor Gower between tradi-

tional forms of life assurance of reference.

Department of Trade.

number of investment company

Protection.

Life assurance industry

defends doorstep sales

THE THREE life company trade and linked life contracts, which

associations have countered all he wants treated as securities.

The Life Officers' Association, as suggested by Prof Gower the Associated Scottish Life rather than full-scale govern-

ment control.

operation.

There was a lack of business confidence. Little finance for stockbuilding and no increase in orders. Export margins remained low. Against fierce international competition little

growth in overseas sales was expected.
Cash flow was deteriorating, particularly among smaller companies. They were being hit by the need to make back-payments of taxes held up by last year's civil servants' strike,

redundancy payments and cus-tomers taking extended credit. Medium-size companies were "unloved sector." They did not get the benefit of Govern-ment measures for small companles and were hit by the credit policies of the large com-

Some companies in the Midwere uneasy about the likely impact on wage bargaining of large increases in the public sector to judges and senior civil servants. Any settlement in the health service

would be watched closely. Most deals in the Midlands were continuing at between 4 and 6 per cent. "Settlements more and more reflect the ability of companies to pay,"

Mr Wallicker said.
"A disturbing factor" at the meeting was that more than half the companies present said they expected to cut their labour force during the next three to four months.

The associations defend the

sale of life contracts in the

homes of individuals, pointing

out that the greatest number of

families obtain life assurance

protection by that means. They

point out that selling in the

home enables the family to dis-

cuss its savings needs and often

the agent creates a lasting rela-

The present codes of selling

practice are defended by the

tive ways to regulate marketing methods. But they admit that,

tary, were found to be unworkable, then life companies would

prefer a self-regulatory system,

The associations would be

prepared to examine agreed

standards of competence for all

sellers of life assurance, but feel that would be a long-term

of a Pension Scheme Act is rejected by the associations, which consider his recommenda-

tions on regulation of pension

schemes remote from his terms

Prof Gower's recommendation

ssociations as providing effec-

tionship with the family.

Challenge to minors' legal protection

By Raymond Hughes, Law Courts Correspondent

A RADICAL suggestion that the age of legal liability for young people entering contracts might be reduced from 18 to 16 has been made by the Law

The commission says, in a paper published yesterday, that minors may not need the protection from imprudent contracts which they have under present law.

A person under 18 cannot, with certain exceptions, be sued for breach of contract, although he or she can enforce a con-

That, says the Commission, is because the law considers that minors need to be protected from their lack of maturity and worldly experience. The present law may be inappropriate to modern condi-

It offers two suggestions and invites comments from older schoolchildren, teachers and others able to advise on the maturity of 16 and 17-year-

The first, broadly, is to main-

tain the present situation; the second, to reduce the age of contractual capacity to 16. The commission suggests dividing minors into two groups: those aged 16 and 17, who would be fully liable on their contracts; and those under

a shipbuilding and repair yard at Newton Ferrers near Plymouth, finally closed last Sep-

It had been in decline for some years and at the end there was only the nucleus of the staff -four boatbuilders and engineers-to be laid off. Nine months later the four are building boats again at the head of Newton Creek. The yard is in the black and, until recently, was working a six-day week to get boats ready for the season.

The transformation came about because of Alan Burn, a former director of management information at EMI. He was made redundant following the Thorn takeover and decided at the age of 60 to buy the yard and run it along co-operative

He raised £130,000 by selling his house at Bray, Berkshire, and using redundancy pay and bank loans to buy the yard which is a 200-year-old malt

The yard has the capacity to build 36-ton ships and, already this year, it has turned out a 21ft Drascombe longboat and several dinghys. "There are 250 boats moored

in this river and we feel there is no need for them to go anywhere else and we have already started getting a few from Plymouth," Mr Burns says.

Operations training centre.

launched a 24-hour, seven-daysa-week pick-up service for boats needing repair. The service will start locally and ex- start. He can call on the services tend gradually to cover the

wall and Torquay, Devon. "It could develop into the marine equivalent of the AA or to run it on an annual subscrip-RAC along that stretch of the south coast," Mr Burn says.

between Helston, Corn-

He will travel by Land Rover to the nearest point on chartering market and is hopland and then use an inflatable ing to get the fitting-out con-

in four takeover battles and won Mr Burn will take along 2 all but the last. He admits that mechanic if an engine will not if he had not lost his job he would probably have been content to stay until retirement, looking after EMI's worldwide pairs are necessary.

Alan Burn-building a new life and reviving an ailing business

How losing a job brought life to a doomed concern. Raymond Snoddy reports

Shedding new light on Eddystone shipyard

Mr Burn believes the service is the first of its kind. He plans tion basis next year.

It was shattering, but being made redundant was the best Eddystone Marine Services is thing that ever happened to me," he says. also planning to enter the yacht The sea was a natural place for him to turn to. He was a navigator and gunnery officer

chant ship on the Yangtze River. One he was even part-time chairman of a boat building company in Cowes. He has taken part in the Transatlantic, the Sydney-Hobart and five Admiral's Cup

Second World War, and was chief officer on a Chinese mer-

He chose the West Country for an eight-month search for the right yard because of his connections with the area. Sir Clive Burn, his father, was secretary of the Duchy of Cornwall from 1936-54.

Alan Burn went on an experi-mental 16-week course on cooperatives before setting up on his own. The course was at the Manchester Business School and paid for by the Manpower Services Commission. His fellow students included a black pop group, shoemakers from Wales and a health food co-operative.

He then had to outline his plans to a panel of six local bank managers and received the ultimate accolade—all six said they would lend him money. Alan Burn decided to run the Eddystone Marine Services as a co-operative because he thought

working relationships would be better and because he wanted to share profits but, most important, he wanted to ensure it was impossible to be taken He is now considering taking on an extra hand under the Youth Opportunities Pro-

plans for the yard are dinghy to tow damaged yachts tract for a new fast racing ambitious. He has just to harbour or repair them at yacht to be produced locally. His plans for the yard are 16 who might need more pro-Albyn House is Conoco's Northern

Step into an air-conditioned room there and you step into the control room of an oil platform 120 miles out in the North Sea. Even operational noise has been recreated by a Rediffusion Simulator.

The simulator allows Conoco operators to gain experience in dealing with any type of production situation, including emergencies, without risk to personnel or to the platform and without losing valuable oil production.

To train operators, the simulator was built ahead of the platform it recreates. As an additional benefit, it can be used to assess the likely effects of changes in plant and procedures as more becomes known about the performance of the oil field itself.

It's one of many spin-offs from Rediffusion's aircraft flight simulators and it's typical of the way Rediffusion puts electronics to work.

As a leading British electronics company with a £250 million turnover, we're equally far ahead in communications, TV, recorded music, desk top Teleputers and navigation systems.

Alan Burn has been involved

"It was appalling at the time.

computer operations.

We're heavily involved in British Telecom's National 'Paging' system for example. We designed and installed the intercoms, sound systems, closed circuit TV and recording studio in London's superb new Barbican Arts and Conference Centre.

Currently we're in the forefront of video programming and the development of national cable TV in the UK.

If you would like to know more about Rediffusion, write for a brochure to the address below.

Moving the North Sea is nothing to what we're planning for you next.



Firedamp caused pit explosion

By Our Labour Correspondent

AN EXPLOSION which seriously an Expression when stated and injured 40 men at a colliery near Glasgow in January was caused when firedamp gas was ignited at the coalface by frictional sparking, says a report published sparking, says a report published yerierday by the Health and Safety Executive.

The accident was at the V52 face of Cardowan Colliery, which normally produces about 6,000 saleable tonnes a week. The gas, mainly methane, built up in a part of the pit which had been flooded, said the report.

When some water was jumped out a measure of gas escaped. Tests then did not show an excessive amount of gas, but it is thought likely that gas reached the coalface 10 or 15 minutes

It was ignited by frictional sparking from the picks of the nechanised shearer-loader cutting into the sandstone floor. The recommends further research into frictional sparking, and that firedamp dispersal be

given priority. The Explosion at Carvadovan Colliery, Stepps, Straticize Region, January 27 1982. SO, £2.50).

Shipping group seeks hearing

By Our Law Courts

TRADE AND MARINE, of Hamburg, a member of the Gulf Shipping group, is to seek an early hearing in the Commer-cial Court of its claim that a ship it chartered was wrongfully withdrawn from its ser-

The company is claiming about \$77,000 (£43,000) loss of profit from Anangei Glory Compania Naviera, a member of the Piraeus-based Anagel Shipping Enterprises group, which with-drew the 22,670-ton bulk car-rier, Anangel Glory, in 1979 for

alleged non-payment of hire. Trade and Marine denies that it defaulted on the hire pay-ments, and the case will involve consideration of both banking

practice and methods of pay-ment of charter hire. Last month, Anangel was held in the High Court to have suffered losses totalling \$77,400 when a fresh charter of the vessel it was negotiating, after the withdrawal was frustrated by an injunction to stop it withdrawing the vessel from Trade and Marine.

Travel agents 'shirk duty'

BY RAYMOND SNODDY

TRAVEL AGENTS may be shirking their duty to tell travellers about health care, according to BMA New Review, a monthly magazine circulating to more than 60,000 doctors in

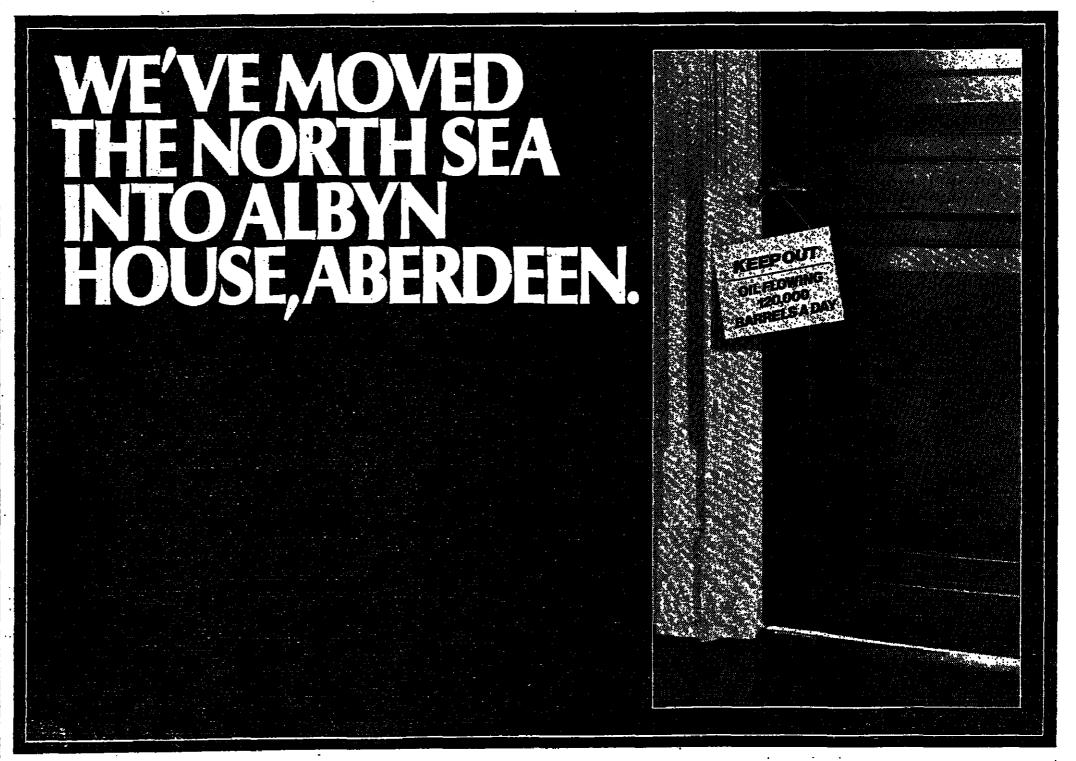
Magazine staff visited eight travel agents in central London saying they planned to go to Egypt in September and asked what medical precautions should

Only one recommended vaccinations for cholera, typhoid and para-typhoid, although the Department of Health and Social Security advises that all holiday health care precautravellers should have these tions," the magazine says.

plus polio vaccinations. The other seven agents said only anti-malaria pills were needed when visiting the Nile delta between June and October.

The magazine says there has not been a single order from a travel agent for copies of the British Medical Assocation's Family Doctor publication Health on Holiday, published recently.

Some big travel companies give good advice but "it still appears that you have to be an aware and persistent person to find out even the most basic



British Gas banned from exploration of oil areas

the UK continental shelf which are expected to yield oil.

The corporation was told yesterday that it must limit its applications for new licences to areas likely to yield natural gas tor of the North Sea.

The move, announced in the Commons by Mr Nigel Lawson, the Energy Secretary, is the latest in a series of proposed restrictions on the corporation's oil interests.

Mr Lawson said it was still the Government's intention to force British Gas to dispose of its existing oil production assets. which include its half-share of newly-formed consortium of Dublin last night. The four the important Wytch Farm British Gas and Mobil Oil. The blocks in the Porcupine Basin Field in Dorset and stakes in corporation and the U.S.-based will represent BNOC's second the Beryl, Fulmar, Montrose, oil group have agreed to bid exploration venture outside the Hutton and North-West Hutton

Gas would also be required to tion bloc sell any oil it might discover in bear age.

BP sells diving group stake

By Richard Johns

BRITISH PETROLEUM has sold its half share in Sub Sea International, the world's third largest diving company, to Ocean Drilling and Exploration, its former equal partner in the

The price paid for BPs stake originally acquired in 1976, has not been revealed but it is understood to be about \$20m. -BP's latest sale is in line

with its policy of divesting itself of service ventures. said it intends to keep a close connection with Sub Sea International and continue developing its own expertise in offshore technology.

News of the transaction followed a day after the announcement that BP had sold its stake in the North Sea Beatrice Field to London and Scottish Marine Oil for £75m. Turnover of Sub Sea Inter-

is running at about \$60m a year. It is engaged in a broad spread of exploration, construction and maintenance activity, mostly in the North Sea. Most of its 800 employees are British It is the fifth sale of its kind

made by BP in the past year including Vikoma, which is involved with oil slick control systems and equipment, and in line with the conclusions of

Gasco actions

SAVINGS and Investment Bank,

the Isle of Man banking group,

is defending two legal actions

started by Mr Jim Raper's master company Gasco Investments on June 4. The bank will

contend that all requests for

advances to Gasco under the

The litigation has been started

by Mr Raper following Savings

and Investment Bank's proceed-

ings for loan repayments and its

successful application for an

injunction against Gasco and St

Piran in March. That injunction

is still in force.
One of the actions launched

by Gasco claims various declara-

tions regarding loan facilities arranged with the bank, and an

injunction. The other action,

also in relation to those loans,

claims damages. Contrary to an

earlier announcement by Mr Jim

Raper on June 3, as published

in good faith in our issue of

June 4, the amount of damages claimed is as yet unspecified.

Authorised

3,500,000

loan facilities have been met.

defended

night that it was "disappointed" by the announcement.

It said that it was often difficult to tell whether an explora-tion well would locate oil or natural gas. The two materials were often found together. The Frigg Field—one of the most important discoveries of natural gas in the North Sea-had been found in an area previously thought to contain mainly oil-

bearing prospects.
On the face of it, the restrictions present problems for the for eighth-round licences. It is UK. fields off-shore. understood that the joint-ven-Mr Lawson added that British ture will relate only to explora- formed understood that the joint-vention blocks which are likely to

BRITISH GAS Corporation is its search for natural gas. The Energy Department had being barred by the Government The corporation, which is hoped British Gas would sell its from exploration of areas of planning its startegy for appli- half-share in the Wytch Farm cation in the eighth-round of field by the end of March. De-exploration licences, to be lays in drawing up the offer offered this summer, said last document have meant a postlays in drawing up the offer document have meant a postponement in the sale. The document is being discussed with departmental officials and could be published within weeks.

Our Dublin Correspondent writes: British National Oil Corporation is to explore in four newly-licensed blocks off the west coast of Ireland. It is also to supply the Irish state oil company with up to 2.5m tonnes of crude oil over the next five

The deals were announced in Dublin last night. The four blocks in the Porcupine Basin

formed a partnership with Atlantic Richfield to drill for

No limits to be put on North Sea oil production

BY RAY DAFTER, ENERGY EDITOR

OIL PRODUCTION from the all-party committee suggestee North Sea will not be restricthe

Mr Nigel Lawson, the Energy Secretary, told the Commons yesterday that the oil industry would be left free from depletion controls until at least the end of 1984. The amouncement was imme-

diately welcomed by the off-shore industry which had pressed the Government to allow production to continue unhindered. Under depletion measures

outlined in 1974 by Mr Eric Varley, the then Energy Secre-tary—the so-called "Varley Assurances"—the Government has the option to restrict the output of individual fields by up to 20 per cent. The Gov-ernment could have begun imnational, based in New Orleans, plementing such restrictions at the beginning of this year.

Mr Lawson said that freedom from depletion controls would allow the oil industry a firmer base for its exploration of and investment in the UK Continental Shelf which would help increase oil supplies in the 1990s and beyond. He said the decision was also

output bounced back from the

depressed level in April, when

disputes hit both Ford and BL.

But the Department of

Industry suggested yesterday that "the underlying level of production is probably, at best,

broadly flat and a little lower

than in the second half of last

Recorded car output in May

was 80,000 compared with 65,000 in April and only 55,000

in the same month last year, also a period when the motor

industry was badly affected by

In the first five months out-

put reached 402,000, or 2.8 per

cent more than the 391,000 for

the January-May period of 1981.

output also recovered in May.

Dencora plc

Placing by

PHILLIPS & DREW

of 2,100,000 Ordinary Shares of 25p each

at 58p per share

Dencora plc is the holding company of a group primarily involved in the

development and the retention as investments of small industrial and warehouse

units in and around the major centres of population in East Anglia.

Application has been made to the Council of The Stock Exchange for the whole of the issued share capital of the Company to be admitted to the Unlisted Securities Market. A proportion of the shares being placed is avelable to the public through the market. It is emphasised that no application has been made for these securities to be admitted to the Official List. Particulars of the Company are available in the statistical services of Extel Statistical Services and copies of such particulars may be obtained during usual business hours on any weekday (Saturdays and Bank holidays excepted) up to and including 23rd June, 1982 from:

Phillips & Drew,

Recorded commercial vehicle

ent is issued in compliance with the requirements of the Council of The Stock Exchange

industrial disputes.

Car production 'flat'

normal working last mouth and May 1981.

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

CAR PLANTS returned to in April and 15,900 in strife-torn

that it was in the national Government has interest to adopt a "repletion" decided, even though output is policy-aimed at encouraging well in excess of UK consump- further development of offshore areas-rather than opt for short-lived restrictions Even so, Mr Lawson indicated

that he was retaining two

options which could be used as depletion measures: the right to delay the development of new fields—an option which would be considered on a case-by-case basis—and the right to restrict field development projects which were likely to waste gas produced with oil. Lawson

announced that production from the North Sea had passed the notable milestone" barrels a day—the equivalent of 100m tonnes a year. This output compares with last year's UK oil demand of just 74.7m The amount of net exports is

expected to increase in the next few years. Little growth is foreseen in UK oil demand, but the Government expects output to rise to between 90m and 115m tonnes in 1983, to between 95m and 125m tonnes in 1984 and to between 95m and 130m tonnes in 1985.

According to government and Omisco, which is engaged in off- a recent report by the Commons industry projections offshore Energy Select Committee. The output will fall in the late 1980s.

In the first five months com-mercial vehicle output rose 21 per cent, from 93,800 to 113,600.

but 1981 witnessed the lowest

level of production since records were first kept in their

latest figures show "a con-tinuation of the modest recovery

evident from the middle of last

• Champion Sparking Plug, the

U.S.-owned group, will expand its two plants at Upton, Wirral,

with the help of department

lators, part of which now comes

from the U.S.

Production of 23,700 com- the move would give job mercials compared with 20,400 security for the 800 at Upton.

Dencora pic.

The department suggests the

present form 40 years ago.

Index-linked savings plan announced by Alliance

By Eric Short

THE Alliance Building Society the seventh largest, announced yesterday the first index-linked investment scheme for building society investors.

The value of the investment under the Alliance Index-Certificate, will be increased in line with the Retail Price Index over a five-year investment period. A bonus of 10 per cent of the original investment is added after the five years.

The index-linked addition would be free of income tax, investment income surcharge and, in most cases, capital gains tax. The bonus would be subject to higher rate tax.

This challenge to granny bonds, as the Index-Linked National Savings Certificates are commonly called, is possible because of the capital gains tax changes in this year's Finance

The Alliance index-linked certificate offers double the maximum investment—£10,000 against £5,000 for granny bonds —and a higher fined bonus— 10 per cent against 4 per cent, although the granny bond bonus

The certificates will become available once the Finance Bill becomes law, probably at the end of next month. Alliance expects initial demand to be about £3m to £4m a week and believes the certificates will raise at least £100m in 12

Alliance is unable to use the money raised from the certificates for mortgage lending because it cannot offer index linked mortgages. So to match the liabilities of this new scheme, investment will be specifically in index-linked gilts, primarily the Treasury 2 per cent 1988 stock. Alliance has already bought

£22m of this stock in order to meet initial demand. Mr Roy Cox, chief general

manager of Alliance, believes this breakthrough in building society investment will attract many investors seeking a simple approach to index-linked

Increase in output of houses

By Michael Cassell THE RECENT increase in

house-building was maintained in April, according to figures published yesterday by the Department of the Environment. Provisional estimates from

the DoE suggest that a start was made on 18,000 homes during April, the fourth successive monthly increase. It was the highest total in one month since November 1979. In the private housing sector,

where activity appears to be accelerating as the year progresses, it is estimated that work began on 13,400 homes, a marginal improvement on the previous month. The balance was accounted for by the public housing sector.

In the first four months of the year, the total number of

homes on which work began reached 63,000, compared with 45,500 in the equivalent period

Most of the investment will According to the DoE, total provide a kiln at the ceramic starts in the quarter to the end plant to meet the company's full of April were, after seasonal adjustment 37 per cent higher European requirement of insuthan in the preceding quarter and 45 per cent higher than a year earlier. Champion said yesterday that

But the construction industry completed only 12,100 homes in April, against 15,700 in the previous month. A year earlier, the total was 14,200. The DoE says there were 2

per cent more housing compleions than in the previous quarter, but 21 per cent fewer than a year earlier. The Department also reported estimates initially, but this had fallen to which suggest that 17,700 homes | 6,000. belonging to local authorities Mr Leonard, who has a num-and new town corporations were ber of other business interests converted or improved in including directorships of England during the first quarter of the year, compared with wilton and Atlantic Resources,

£60m electronic aid plan launched

BY IOHN ELLIOTT, INDUSTRIAL EDITOR

A £60M AID scheme aimed at work are automatically con-ness, not just national prideencouraging engineering com-panies to automate production lines with electronic techniques was launched yesterday by the Department of Industry.

It is the latest of a series being developed by the Department to boost investment in advanced technologies. . About £45m of the £60m is

ssembled from the Department's existing aid allocations. The other £15m is extra provided from the Government's £130m innovation package announced in the The £60m will be used to

projects in which machinetools for engineering batch at "encouraging competitive-

trolled by a central-on-line com-puter. Other work areas and flow of components and tooling are also controlled by the computer.

"It is estimated that at least 70 per cent of the output of the engineering-sector involves batch production, and flexible manufacturing offers immense cost and quality benefits." Mr Kenneth Baker, Industry Minister responsible for information technology, said yesterday when he launched the scheme.

He stressed that the Govern-

ent'did not want to encourage The £60m will be used to building of "massive national boost flexible manufacturing showpiece automated factories." The scheme was aimed

we do not want to develop white elephants". Sir Jack Wellings, chairman

of the 600 Group which has pioneered work in flexible automation, told engineers at the Industry Department; "This Industry Department: "This scheme will allow you to have a go, to take a sniff, and to see you like it ". Companies can obtain grants

50 per cent of cost of consul-tancy studies and up to 331 per cent of development and capital equipment costs for a new system. About 20 projects have been

from the Department covering

submitted for approval. Two are budgeted to cost about £20m each but most are esti-

-mated between film and f5m. They come from manufacturers of diesel engines, mining equip. ment vehicle comp central heating and domestic

The £60m will be divided into two parts. Some 125m will go to high-risk projects through the Department's requirements boards, administered under the Science and Technology Act, and £35m be spent under Industry Act criteria on more conventional projects.

Administration of the Department's aid for installation of robots, part of an existing £10m robotics scheme, is being absorbed within the new

Export of services down 3% by volume

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

feli by 3 per cent by volume in the first three months of of this year, against the this year, compared to the previous quarter. average of last year, according to official figures out yesterday. Last year, earnings from all services—including shipping, financial, aviation and travel—contributed £16.9bm to export earnings and £4.1bm to the bal-

In the first three months of this year, earnings from services fell by about } per cent, compared to the previous quarter, to £4.36bn. However, the volume of services exported fell more sharply, by nearly 4 per cent, in the period. The

ance of payments surplus.

BRITAIN'S exports of services imports of services fell by about though, improved slightly in 2 per cent in the first quarter

The volume of services is now about 1 per cent less than it was in 1975, and 10 per cent less than that achieved in 1979. By contrast, the volume of imports of services has risen by 12 per cent since 1975, and by about 4 per cent since 1979. The new figures show a sub-

in the earnings from tankers, compared to the average for last year, although there was little change in the earnings from dry cargo.
The balance

the fourth quarter, with a 6 per cent reduction in the number of Britons travelling abroad. and lower average spending compared to the first three months of 1981, by those who did travel. Against this, there was a 5 per cent increase in to the UK, although each one also spent less on average. The figures also suggest a

stantial fall, in the first quarter deceleration in the rate overseas investment by the institutions. The balance of UK private investment overseas the first quarter feel by f835m, compared to the year, and of about on travel, previous quarter, to £2.3bn. quarter in 1930.

This compares to an average of about £2.8bn per quarter in 1981 However, overseas invest ment in the UK private sector

£1.1bn. -There was also a sinistantial fall in the balance of foreign currency borrowing and le ing by UK banks—from £2.60m in the last three months of 1981 to £1.4bn in the first three The overall outflow on the

capital account for the first quarter was £322m; which compares to an average outflow of about £2bn per quarter last year, and of about £450m per

Pirates of

test case

By Raymond Hughes,

Law Courts Correspon

Court in London.

Chittagong'

tor insurers

RAID by armed men on a

ship anchored off the Bangla-desh port of Chittagong has

led to a test case on marine

insurance in the Commercial

The court was asked yesterday

to decide whether the raiders

were pirates, whose activities

Money supply growth on target

BY MAX WILKINSON, ECONOMICS CORRESPONDENT THE UK money supply has

grown at a rate well within the Government's target range in February, according to preliminary estimates from the Bank of England yesterday.

It said that sterling M3, the broad measure of money which interest - bearing includes denosits with banks, probably grew by about 12 per cent in the four weeks to May 19. This would represent a growth of 10 per cent at an annualised rate since February, compared with the Government's target range of between 8 per cent and 12

THE

ruling

BY JOHN MOORE, CITY CORRESPONDENT

a feasibility study to certified accounts on a com-

settlement system for deals place without a share certifi-

STOCK EXCHANGE

carried out in equities and com- cate.

establish the cost of developing

and operating a streamlined

pany fixed-interest securities.

The move follows an exten-

sive study on ways to improve

further the settlement system. A Securities Industry Consult-

ative Committee on equity

settlement was appointed by Sir

Nicholas Goodison in Septem-

ber 1980, and has now pre-

February to March annualised Sterling M3 PSL 2 Private Sector Liquidity

MONEY SUPPLY GROWTH

which includes building society deposits, Private Sector Liquidity 2 (PSL2) may have grown between 1 per cent and 2 per cent in the banking month of The narrow definition of

money, M1, which includes notes, coin and cheque accounts with banks, also grew by about It is suggested that the 1-1 per cent in May, which sug-, likel ythat they will show a broadest measure of money gests an annual rate of growth fall in the rate.

council has commis- would be able to maintain un- holdings and pass on transfer

pany's share register, with

transfers of ownership taking

Banks and stockbrokers acting

as agents, investing institutions

and other major shareholders

would be able to authorise the

transfer of shares by computer

terminals linked to a central

It proposes that shareholders immediate confirmation

them.

This office would maintain tinue for those who wish to

records of ownership to provide retain their certificates.

of less than 1 per cent since According to the monthly statement by the London clearing banks yesterday, their lending gre wby £364m in banking

May, which suggests an under-

lying rise of about £600m to £650m for the month. In the three months to May, the London clearing banks increased their lending by £3.59bn. Much of it represents

advances to the personal sector In recent months, total bank lending to the private sector has been increasing at the rate between £11bn and £2bn per month. When the final figures are available for May it apears

instructions to company regis-

trars in a form convenient to

Private shareholders would

normally participate only

through agents. The share-holder's name would be held

on the register, and his rights

to vote and attend company meetings would be unaffected.

This would be a voluntary service for investors. The

present arrangements will con-

came within the insurance cover provided by the rules of the Hellenic Mutual War Risk Association (Bermuda). In June 1977 the Andreos Lemos owned by Athens Equity settlement system studied

Maritime Enterprises Corporation, was anchored in Bangladesh territorial waters, 31 miles offshore, in the Chit-She was boarded by six or seven-people armed with long knives, who stole mooring

ropes and other equipment valued at US\$ 5,754 (about £3,200) before being repelled by the vessel's crew, one of whom fired rockets thens Maritime claimed under its insurance with Hellenic,

asserting that the ship's gear was lost as a result of either piracy, riot or persons acting maliciously, all of which were covered by the association's The association rejected the

claim, saying that the loss was not covered by the rules. Mr Anthony Hallgarten, QC, for Athens Maritime, told Mr Justice Staughton that it had been a fairly prosaic piece of

He said that piracy was defined in a case in 1696, involving taking of a ship in the East lodies, as "robbery committed within the jurisdiction of the Admiratry." That jurisdiction was pic-

turesquely defined in English law as "places where great ships go."

the character of theft rather than piracy, and that in any event an act of piracy could not be committed within territorial waters. Mr Hallgarien suggested that

territorial and non-territorial waters was artificial would be strange, he said. if an act were piracy if committed just outside territorial

The hearing continues today....

Technology magazine to close

settlement office.

A WEEKLY technology maga-

sented its final report.

zine launched at the beginning of February will suspend publication after this week. Technology Week, which carries news and comment on new products, technological m-

novations and applied science, was started with the help of £45,000 from Williams & Glyn's Bank backed by the Government's Loan Guarantee Scheme. Mr Nicholas Leonard, the publication's owner, said it had consistently failed to achieve

close, with the loss of more than 80 jobs, writes Raymond The company prints the Baptist Times, Catholic Herald, Soviet Weekly and West Indian World.

MILTON KEYNES Web Offset

has announced that it is to

Just over two months ago, the company took on a threeyear contract to print the new newspaper of the Central

Mr Leonard said yesterday he felt he underestimated the pro-

motional costs needed to launch

the venture. He remains convinced there is a market for this type of publication. Mr Leonard could lose £120,000 of his own money— Technology Week's estimated

Electricity Generating Board. It also printed Pru News, the newspaper of Prudential Assurance, Automart and Publishing News.

Customers received a letter

this week which said: "We have been making losses for some time, and circumstances appear so unfavourable in the short and medium term that it leaves no alternative but to take what is an unhappy but inevitable decision."

will not have to pay up for the original loan. Williams and original loan. Williams and Glyn's took a debenture on the assets of the company, which are more or less equal to the amounts owed to creditors
Technology Week employs
eight people based at its East-

The Government, however

The association, said Mr Hall-garten, argued that the raid-on the Andreos Lemos had

such a distinction between waters, but not if it occurred a few hundred yards nearer the shore.

British Shipbuilders faces fight for orders

year," said Mr Robert Atkinson, its chairman, during the Posidonia shipping exhibition

reduced its trading losses in recent years. Figures for the financial year to March 31 will show that it was within its £25m loss limit. There was a deficit of £41m a year earlier. Mr Atkinson said British Shipbuilders was having to fight for the few world shipbuilding orders available at absurd prices. At the end of March the order book was

just over £3bn, of which twothirds was for warships. The merchant ship order book stood at £680m. That was after a year in which the order inflow had risen by some 50 per cent. The remain-

ing orders were for engines

and oil rigs.

One way the group hopes to find business is through new designs, one of which it announced in Athens yesterday. This is for a £13m multipurpose eargo ship, the SD 22, which carries on from the successful SD 14 range built by Austin and Pickersgill on the Tyne. Mr Atkinson described the 22,000 deadweight tonne ship

as "a winner." It can carry just over 1,000 container

units and has a relatively shallow draught and short

Mr Atkinson said.

Third World shipowners, among others. The group expects further orders, for its 42,000-tonne duced last year. It badly

£10m, Mr Philip Hares, finance director, said: "We're going for it, but it won't be

and elsewhere. Each year, said Mr Parker, the group needs to w- orders for about 45 ships to keep up its fluancial performance. In the last financial year, it won 60. But no new large merchant orders have been

• Atkinson: "difficult year" .



14,400 in the last three months is negotiating with two potential SHARE CAPITAL 3,025,100 In Ordinary Shares of 25p each

BY ANDREW FISHER, SHIPPING CORRESPONDENT IN ATHENS

BRITISH SHIPBUILDERS will have a struggle to meet its reduced £10m loss target, by the Government for the current financial year, because of a marked slowdown in orders.

"We're in for a difficult in Greece. The nationalised group has

length. The company has likened it to a Rubik cube because of its chunky appearance when stacked with containers. Over the past 15 years, the SD 14 has been one of the

world's most successful cargo ships. "I believe the SD22 will also have a major appeal for our shipping friends around the world," Mr John Parker, the group's deputy chief execu-tive, said it hoped for orders for the ship from Greek and

efficiency bulk carrier introneeds more orders to keep meeting government targets.

easy." Several yards needed more orders especially near more orders especially near the end of the year.

One small order which the group announced yesterday was for a £3.5m coastal ship for the Stephenson Clarke shipping subsidiary Powell Duffryn. Talks about possible orders are going on in Brazil, Mexico

On the 1982-83 loss limit of

announced for some months.

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CONTRACTS & TENDERS

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LEGAL NOTICES

IN THE MATTER OF R R INVESTMENTS LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wround up, are required, on or before the 28th day of August 1982 to send in their full Christian and sumanes, their addresses and descriptions, full perticulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned

SURUIT KUMAR SINGLA, F.C.A. of Single and Co... Chartered Accountants, of 423 Alexandra Avanue,

Harrow, Middlessx HA2 9SE Middleess HAZ 95E. the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, no come in and prove their debts or claims at such time and place as shall be epoclified in such notice, or claims to their their of they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 28th day of May, 1982. S. K. SINGLA, F.C.A.

PERSONAL

IN LOVING **MEMORY**

Floral tributes fade. Your regard for departed friend lives on if you naks a donation in their name to Help the Aged's work—towards a Day Centre for the lonely, medical treatment or research for the old, or help for the housebound. Every £ schieves a great deal for the old. Please let us know the name you wish:to commemorate.

Send to: The Hop. Treasure The Rt. Hon. Lord Maybray-King Help the Aged Room FTINM, 32 Dover Street London WIA 2AP

PUBLIC NOTICES

CITY OF EDINBURGH DISTRICT COUNCIL VARIABLE RATE REDEEMABLE STOCK 1983

For the six months from 9th June 1982 to 9th December 1982 the interest rate on the hove stock will be 6.7812% per annum BANK OF SCOTLAND 55 OLD BROAD STREET LONDON ECZP 2HL

ART GALLERIES

CRANE GALLERY. 171a (First Finor), Sleane St. 5W1. 01-235 2484. 3 minutes from Harroos. In munual and beautist surroundings: ENGLISH COUNTRY ART, and "AMERICANA"—Palmines, Furdings. Guits, Decoys. etc. Delly 10-8; Sats 10-4. CRANE KALMAN GALLERY, 178 Bromp-ton Rd, 5W3. 01-584 7565. Works by Micholson, Sutherland, Lawry, Spear, Micholson, Sutherland, Lawry, Spear, Piper, Hitchess, Colquboun, Kit, Wood. Oally 10-6: Sats 10-4. THACKERAY GALLERY, 18 Thackersy St., Kenshipton Sa., W8, 937 5883. SUMMER EXHIBITION Including HANS SCHWARZ. Until 37 John. THE PARKER GALLERY, 2. Albemale St., Piccadilly, W1. Exhibition of Old Marine, Military and Sporting and Topographical Prints and Palmtings and Shios Models. RICHARD GREEN GALLERY, 4. New Bond St. WI DI-499 S487, EXHIBI-TION OF FRENCH PAINTINGS. Delly 10-8, Sats, 10-12-30. MARGOT HARRISON. Watercolours and small oils. THE BRADSHAW ROOM. 17 Carton House Terrace, SW1, Until 17 June. Mon.-Fri. 10-5. COLNACHI, 14. Old Bond St., W1. 01-491 7408. 19th CENTURY FRENCH DRAW-INGS until 11th June, Mon.-Fri, 10-6. Sec. 10-11. WHITECHAPEL ART GALLERY, E1. 377 0107. Tube Alegare E. To 20 June JANNIS KOUNELIS. Sun.-Pri. 11-5.50 cl. Sat. Free. LEFEVRE GALLERY, 30, Bruton St. WT. 01-493 1572/3. AN EXHIBITION OF IMPORTANT XIX. & XX CENTURY WORKS OF ART. Mon.-Fri. 10-5. Sas. 10-1. AGNEW GALLERY, 43. Old Bond St., W1. 629 8175. MASTER PAINTINGS. 1470-1520. Also late Turner Watercolours. Until 30. July. Mon.-Fri. 9.30-5.30. Thurs. until 7. BROWSE & DARRY, 19. Cork St. WI. 01-834 7984, CHRISTOPHER STEIN. NEW PANDINGS.

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437 1230. MALCOLM ARBUTHNOT
and JOCK MCFADYEN, Until 19 June. NICOLA JACOBS GALLERY, 9. Core St. London W.1. 01-457 3868. Gary Wrasq painting until 10th June.

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INVITATION FOR PRE-QUALIFICATION

FIRST STAGE ISTANBUL SEWERAGE PROJECT

Contractors in the field of civil and sanitary engineering works, with particular experience in the construction of sewerage systems, treatment plants, see outfalls and the attendant electrical and mechanical works are invited to participate in a pre-qualification procedure, in order to be included in the list of prospective contractors for the execution of the First Stage Islanbul Sewerage Project (Yenikapi area).

First Stage Istanbul Sewerage Project (Yenikapi ares).

THE PROJECT:

1. The General Directorate of Istanbul Water and Sewerage Administration (ISKI) is responsible for the preparation and execution of a sewerage and sawage disposal project in the Greeter Istanbul Municipality area, which has been scheduled for execution during 1982-1987.

The project regarding its major contracts has been or is being prepared with the assistance of the Engineering Consultance who will also contribute to the pre-qualification of contractors.

3. The project comprises the construction of sawage disposal facilities for the Yenikapi drainage area, located in the City of Istanbul at the European side of the Busphorus between the Golden Horn and the See of Marmara.

compens size of the preparative comprise interceptors (about 27 km, of Marmara.

The sewage disposal facilities comprise interceptors (about 27 km, of which about 4 km as tunnel), a pre-treatment plant (generated grit chambers) with influent and effluent pumping stations (max. about 12 m²/sec.), force main (2.4 km) and a submarine outfall main with diffusor into the See of Marmara (length 2 km).

12 m²/sec.]. torte main (2.4 km) and a sugmanne outrail main with diffusor into the See of Marmara (length 2 km).

THE CONTRACT:

1. The project works will be constructed under six separate contracts, viz: a) the Allbeytöy interceptor along the Golden Horn, covering a construction period of 36 months starting July 1983 (issue of enquiries Jan. 1983, submission of tenders March 1983);

b) the Bekirköy and Sarayburnu interceptors and force main along the See of Marmara, covering a construction period of 32 months starting November 1983 (issue of enquiries May 1983, submission of tenders July 1983);

c) the Fatib interceptor tunnel and other possible tunnels, covering a construction period of 24 months starting April 1984 (issue of enquiries Oct. 1983, submission of tenders Dec. 1983);

d) the influent and effluent pumping station and pre-treatment plant at Yenikapi, covering a construction period of 34 months starting June 1984 (issue of enquiries Dec. 1983, submission of tenders Feb. 1984);

a) the electrical and mechanical installations attendent to the pre-treatment plant, pumping stations and pumping mains, covering a manufacturing, installation and commissioning period of 34 months starting July 1983 (issue of enquiries Jan. 1983, submission of tenders March 1983);

manufacturing, installation and commissioning pariod of 34 months starting July 1983 (1884e of enquiries Jan. 1983, submission of tenders March 1983); the submarine outfall main at Ahirkapi, covering a construction period of 30 months starting October 1983 (issue of enquiries March 1983, submission of tenders June 1983). ontractors are silowed to act in joint venture or joint operation with their contractors for this project.

INVITATION:
The forwarding of participation forms for this pre-qualification can be asked by mail or by cable at the latest on June 21, 1982 at the following address:

oy me'i pr by capie at the latest on June 21, 1982 at the following address:
Mail Address:
ISKI, Istanbul Su ve Kanalizasyon Idarasi, lat Suler
Genel Müdürlügü, Fransız Cikmazi, lat Suler
Istanbul
Beyoglu-İstanbul, Turkey
Completed pre-qualification forms shell be submitted in two copies by mail
or personal delivery to the above address at the latest on July 23, 1982.

Public Establishment of Electricity

Fincaill directorate-extern contract section

EXTENSION OF THE CLOSING DATE OF TENDERS No. 1461-1460-1459-1458-1457-1452

Following our advertisement for the a/m tenders which is mentioned in the daily official Bulletin No. 4177 dated 15/5/1982.

Please be informed that the closing date for providing offers is extended to become as follows:

Tender No.	Subject	The closing date	of the offers at 10 o'clock
1452	5 fork lifts	7/7/1982	8/7/1982
1457	75 pick up	1/8/1982	2/8/1982
1458	6 digger derricks hydraulically	4/7/1982	5/7/1982
1457	10 sky lifts	27/7/1982	28/7/1982
1460	Trailers for trans- porting and laying cable	27/6/1982	28/6/1982
1461	. 15 wheel drive capacity	11/7/1982	12/7/1982

Damascus 23/5/82 THE GENERAL DIRECTOR OF PEE ENG. R. IDRISS

SUDAN RAILWAYS CORPORATION STORES DEPARTMENT

NOTICE Contract Nos. 5350 SUPPLY OF ONE HEAVY-DUTY GRINDING

MACHINE 5351 SUPPLY ON ONE SHAPING MACHINE 5352 SUPPLY OF ONE ULTRASONIC FLAW

5353 SUPPLY OF TWO ARE WELDING SETS 5354 SUPPLY OF TWO DRILLING MACHINES 5355 SUPPLY OF TWO CENTRE LATHES

Sudan Railways Corporation invites for the above tenders which are financed by the World Bank.

Documents can be obtained from the office of Sudan Government Purchasing Agent of 3-5 CLEVELAND ROW, ST. JAMES'S, after payment of (2.00 per set for the first four contracts and (3.00 per set for the last two contracts.

The closing dates affixed for acceptance at ATBARA—SUDAN are:— 15th July 1982 for contracts 5350 & 5351, 17th July 1982 for contracts 5352 & 5353, 18th July 1982 for contracts 5254 and

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COMPANY NOTICES

EUROFIMA

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Notice is hereby given to Bondholders of the show loss that Eurolina has acquired through purchase in the market an amount of USS800.000 and that such amount will be credited against mandatory payments due on July 1, 1982. Furthermore Eurofime has exercised its option to redeem an additional USS00,000 by purchase. Amount outstanding: US\$16.800,000. The Fiscal Agent KREDIETBANK SA Luxembourgeoiss

June 9, 1982

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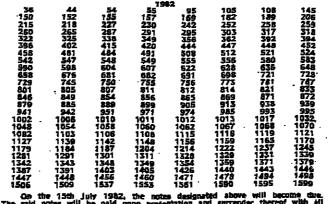
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BOND DRAWINGS

Notice of Redemption to the holders of LJUBLJANSKA BANKA 91% Guaranteed Notes 1983

NOTICE IS HEREBY GIVEN that the following Notes were drawn for



On the 15th July 1982, the notes designated above will become due. The said notes will be paid upon prejentation and surrander thereof with all coupons apparetaining thereto matering after the redemption date, at the obtion of the holder at:

(a) Fiscal Agent. The British bank of the Middle East, P.O. Box 242, Sea Road, Abu Dhabi, Ushbed Arub Emirates or.

(b) The Honglong and Shanghay Sanking Corporation, Securities Department, 98 Rabouspate, London 8C2P 2LA.

Corpora apparetaining thereto matering after the redemption date, at the option in the usual mapper. On and after 15 July 1982 Interest shall coase to accroe on the notes t designated for payment.

LJUBLIANSKA BANKA SY THE BRITISH BANK OF THE MIDDLE EAST ASU DHAB!

COMPANY NOTICES

GT INVESTMENT FUND S.A.

Registered Office: LUXEMBOURG, 14, rue Aldringen Commercial Register: Section B nº 7.448

Statement by the Chairman in relation to the **Extraordinary Meeting of Shareholders** to be held 30th June, 1982

You will find enclosed with this Statement a Notice convening an Extraordinary Meeting of Shareholders convened for 10 a.m. on

30th june, 1982. The first Resolution refers to Article 8 of the Articles of Incorporation of the Fund which permits the Fund to restrict the beneficial holdings of any one person to not more than 5% of the shares of the Fund. In view of the fact that the Fund permits its shares to be issued in bearer as well as in registered form, it is not practicable for the Fund to exercise these powers and your Board has been advised that the continued existence of these powers may result in listing of the shares of the Fund on further Exchanges being denied. Accordingly the first item on the Agenda will deal with the amendment to our Article 8 so that right to restrict holdings of any one person to not more than 5% be removed.

The second Resolution seeks to remove the

present restriction contained in Article 15 of the Articles of Incorporation which limits the number of Directors who may serve at any one time to fifteen. This will enable those members

of the Advisory Board who serve in an ex officio capacity to join the Board and take a full part in the conduct of the affairs of the Fund.

Shareholders are reminded that the two Resolutions referred to may only be proceeded with if at least 50% of the shares outstanding are represented at the Meeting. Should such a quorum not be present or should the Board so decide for other reasons, a Second Meeting, which will not be subject to such quorum requirement, will be convened by an additional Notice. In such an event a vote on all items on the Agenda will be adjourned to such

Second Meeting.

In order to attend the Meeting the holders of Bearer shares should deposit their shares on or before 26th June, 1982 with the Banks listed in the Notice convening the Meeting. Such deposits are required to be maintained and to be effective both for the first and possible. be effective both for the first and possible postponed meeting.

Holders of registered shares are invited to submit proxies at the registered office of the Fund on or before 28th June, 1982.

9th June, 1982 W. T. J. GRIFFIN, Chairman

Shareholders are hereby convened to an EXTRAORDINARY MEETING OF SHAREHOLDERS

to be neld on June 30th, 1982 at 10.00 hours at the registered office of the Fund, 14, rue Aldringen, Luxembourg, with the following

1 to amend Article 8 of the Articles of incorporation of the Corporation by deleting any restriction as to the holding by any shareholder of more than 5% of the shares of the Corporation and as to the voting of any shares in excess of 3% of the voting shares of the Corporation held by any shareholder and any reference to shareholders defined in said Article 8 as "5% owner's".

2 to amend Article 15 of the Articles of Incorporation by deleting the limitation of the number of members of the board to Shareholders are notified that Resolutions on

the above agenda may only be taken if at least 50% of the shares outstanding are represented at the meeting. Should such quorum condition not be fulfilled or should the Board so decide for other reasons, a second meeting which will not be subject to such quorum requirement will be called by additional notices. In such event the vote on all items of the agenda will be adjourned to such second meeting. In accordance with Luxembourg law, in both

meetings, Resolutions will be subject to a majority of 3 of the shares represented at the majority of 3 of the shares represented at the meeting, provided, however, that at the second meeting, shares not represented will (in a number not exceeding \$ of the total number of the outstanding shares) be deemed to vote for the resolutions proposed above, and provided further that in such latter case the Resolutions must be voted by the majority of the shares represented at the meeting.

In order to attend the meeting, holders of bearer shares should deposit their shares on or before June 24th, 1982 with the banks listed hereafter, such deposits to be maintained and to be effective, in the event the shareholders' meeting of June 30th, 1982 fails for lack of quorum, also for any postponed meeting. With respect to registered shares, proxies should be deposited at the registered office of the Fund on or before June 24th, 1982.

Amsterdam-Rouerdam Bank N.V., Amster
 Bank Jalius Baer & Co., A.G., Zunich
 Baeca d'America e d'Italia, Milan
 Banque Générale du Intermbourg, Luxen
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 Banque Sanqimare en Suisse, Ganeva
 Banque de Paris et des Pays-Bas, Paris Se
 John, Berenberg, Cossier & Co., Hambur
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Berliner Handels-Gesellschaft-Frankfurer Benk,
Frankfurt
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Berliner Bank A.G., Zunich
Berliner Bank A.G., Zunich
Berliner Berliner Benk A.G., Zunich
Badenwurttembergische Bank A.G., Heilbronn
Nederlandsche Gredietbank, Amsterdam
Privathanken i Kjohenhavn S.A., Copenhagen
Privathanken i Kjohenhavn S.A., Copenhagen
Privathanken i Kjohenhavn S.B., Copenhagen
Banque Transaflantique, Faris Se
Crisse Nationale de Gredii Agricole, Paris 18e
Gredit Industrial et Commercial, Paris Se
Marrill Lynck, Pierce, Femenr & Studis Securities
Underwriter Limited, London ECIA TDA
Credit Industrial d'Alsace et de Lourine, Luxen
Dewasy Luxembourg, S.A., Luxembourg
R. Henriques Jr., Copenhagen
Sannel Montagu & Co. Ind., London ECSP ZHY
Bayerische Vereinsbank, Munchen
Vereins- und Westbank A.G., Hamburg

THE BOARD OF DIRECTORS

GOLD FIELDS GROUP

DECLARATION OF DIVIDENDS The following final dividends have been declared in South African currency, payable to members registered

the books of the companies concerned at the close of business on 25 June	1982:	
Name of Company (All companies are Incorporated in the Republic of South Africa)	·Dividend No.	Amount per share cents
Doornlontein Gold Mining Company Limited	51	120
Driefontein Consolidated Limited	18	135
Kloof Gold Mining Company Limited	25	150
Libenon Gold Mining Company Limited	63	140
Ventersport Gold Mining Company Limited	84	55
Visitiontein Gold Mining Company Limited	75	20

Dealkraal Gold Mining Company Limited—In view of the present low gold price, and in order to serve this company's cash resources, the directors have decided not to declare a dividend.

Dividend warrants will be posted on or about 3 August 1982.

Requests for payment of the dividends in South African currency by members on the United Kingdom registers must be received by the companies concerned on or before 25 June 1982 in accordance with the abovementioned conditions. The registers of members of the above compenies will be closed from 26 June to 2 July 1982, inclusive.

London Office: London United 49 Mongath, London EC2R 680. United Kingdom Registrer: Hill Samuel Registrers Limited, 6 Greencost Place, London SWIP 1PL 8 June 1982

1982.
In the case of rates with a termination date beyond 1st September, 1982 the sunter Surcharge will be frozen at the appropriate 15th August level and the roll-in will take place on 1st Janeary 1983 with the same currency arrangement as detailed above.

with the same currency energy and detailed shows.
ATLANTIC CONTAINER LINE G.I.E.
CANADIAN PACIFIC STEAMSHIPS LTD.
DART CONTAINERLINE (CANADA) N.V.
HAPAG-LLOYD AG.
MANCHESTER LINERS LTD.) Joint
GOLDEN CROSS LINE LTD.) Membership
CANADIAN ATLANTIC FREIGHT
SECRETARIAT LTD.
SOCRETIES

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRS) (n MURATA MANUFACTURING CO., LTD.

The 45th Ordinary General Meeting of shareholders of Murata Manufacturing Co. Ltd. will be held on June 18, 1992.

1. Approval of Financial Statements and proposed appropriation of the year for the 45th Flacal Year (March 21, 1981).

2. Approval of revision of the Articles of incorporation.

Approval of revision of remuneration for Directors and Statutory Auditors of the Company

for Directors and Statutory Auditors of the Company, (Full text of Notice is evallable at Cithbank, N.A., London.)

N.A., London.)

Shareholders who wish to exercise their voting rights must deposit their certificates not later than June 15, 1982, at the others of the Depositary, Cithbank, N.A., 336 Strand, London, WCZR 1HS. or the Agent, Crithank (Lincemboury) S.A., 15 Arenue Marie Therese, Lincemboury, to sether with instructions indicating the way the shares be voted.

CITIBANK N.A., LONDON June 9, 1982.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRS) IN ASAHI GLASS CO., LTD.

Cunard Ruildings, Liverpool L3 1DS. June 1982.

June 9, 1982.

By order of the boards, C. E. WENNER,

London Secretary,

CANADIAN NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE CANADA-UNITED KINGDOM FREIGHT CONFERENCE CONFERENCE TO SHIPPERS AND CONSIGNESS BUNKER SURCHARGE—INCORPORATION INTO TARIFF RATES

The member Lines of the above Conferences have been giving consideration to the present Bunker Surcharge arrangements which have been in effect since April 1979 in order to Compensate them to some extent for the excitation in fuel Costs which have becurred since that time. They have decladed, that the current bunker surcharges arrangements can no be sufficient as an additional separate charge but should now become part of the Lines normal operating openess. Accordingly, it has been agreed that the Bunker Surcharge which, under cristing arrangements would become effective on 15th August 1982 will be reduced by the currency adjustment factor in effect on 15th July (except where this is already sections in the resultant figure incorporated into the Conference Tield. The case of rese with a termination that the case of rese with a termination of the case of rese with a termination. DU BASSIN DE L'ESCAUT (EBES)

Société Anonyme RESULTS OF THE OFFER BY PUBLIC SUBSCRIPTION OF

SOCIETES REUNIES D'ENERGIA

The public offer for subscription of 2.687,500 new Parts Sociales of n.p.v. reserved as to 2,662,500 shares to the holders of the 13,312,500 old Parts Sociales and as to 25,000 shares to members of the Staff of the issuing Company and/or the S.A. "Interescaut," in accordance with the decision of the shareholders Extraordinary General Meeting of the 26th April 1982, closed on the 26th May 1982. The 25,000 Parts Sociales reserved for the staff of the above mentioned two Companies have been fully subscribed. Of the 2,662,500 Parts Sociales offered by right to the holders of the old Parts Sociales, 2,424,939 have been subscribed, i.e. 91%.

The preferential rights not exercised, i.e. 1,187,805 coupons No. 40, which entitled subscription to the remaining 237,561 new Parts

2,687,500 NEW PARTS SOCIALES OF N.P.V.

Sociales will be offered for sale for account of the holders of the said coupons No. 40: -at the Stock Exchanges of Bruxelles and Antwerp on

Thursday 10th June 1982
—at the Luxembourg Stock Exchange on Friday 11th June 1982. These rights will be represented by "Scrip" entitling subscription to the 237,561 new Parts Sociales at the price of F.1,625 per share. payable in full at the time of subscription, in the proportion of ONE new Part Sociale for 5 subscription rights.

These new Parts Sociales will have the benefit of all the fiscal advantages provided by the Royal Decree No. 15 which encourages the subscription or purchase of shares in Belgian Companies.

These advantages include:

-Exemption, for individuals, of tax on dividends paid in respect of the years 1983 to 1992 -Freedom from deceased estate and gift taxes for 10 years from

the date of subscription. The "Scrip" supporting the supplementary subscriptions must be lodged, by Thursday 17th June 1982 at the latest, at the counters of any of the undermentioned banks, after which date the Scrip

will be valueless: In Belgium:

---Societe Generale de Banque

-Banque Bruxelles Lambert -Banque de Paris et des Pays-Bas Belgique

-Kredietbank

-Banque Degroof

-Banque Belge pour l'Industrie

In Luxembourg: -Banque Generale du Luxembourg -Banque Internationale a Luxembourg

in London:

-Banqua Belge Limited

NOTICE IS NERESY GIVEN that pending the payment of a cash dividend to shareholders of record data June 30, 1982 the shareholders' resister will be clusted for the period jety 1-31, 1982 and during this period it will not be possible to resister the transfer of shares apainst the surrender of EDRs.

Furthermore, it has been declared that the shares will be traded ex-dividend on the Japanese Stock Exchanges with effect from Jone 26, 1982.

Subject to approval of the dividend, a further notice will be published stating the amount and actual data of payment of such dividend together with the procedure to be followed for obtaining payment thereof as soon as practicable after receipt of the dividend.

CITIBANK. N.A. LONDON Depositary
June 5, 1982. المورود <u>به المورود والمورود و مراود و من المورود و المورود والمورود و المورود و المورود و المورود و المورود و الم</u> المورود والمورود و المورود
No return to UN over Falklands

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE PRIME MINISTER yesterday rejected demands that Britain should make another attempt to settle the Falklands conflict through the UN Security

She made clear that Argentine troops had the alternative of withdrawing or being thrown off the islands by force.

"We shall now have to take back by force what the Argentines would not give up by adhering to the UN Security Council resolutions," she told MPs as the Commons met for the first time since the Whitsun

"The Government has made it clear publicly that if the Argentines tell us they are prepared to withdraw we shall enable them to do so with safety. dignity and despatch. So far we have had no positive response.'

The PM said no reply had been received so far to the appeal by Major-General Jeremy loore the British commander. asking the Argentine com-mander, General Marto Menendez, to surrender Port Stanley and avoid further casualties.

Mrs Thatcher emphasised: "the United States is standing behind Britain in the action we are taking in the Falklands, and is giving us very substantial practical help—as we would

expect from a staunch ally."
Mr Michael Foot, the Labour leader, repeatedly called on Mrs Thatcher to lay a further British resolution before the Security Council in an effort to prevent further bloodshed. He thought it "most regretthat Britain had vetoed

Mrs Thatcher told MPs that the Government supported the UN Security Council's resolution requiring the terri-torial integrity of Lebanon to

"We equally condemn the aggressive activity and hosti-lity which has taken place the Israel-Lebanon border," she said.

It is important to condemn this kind of aggression and hostility wherever it occurs. It is equally important to uphold the right of self-determination, which, if one demands it for oneself, one must expect that one applies it to others." There was an important link between the Falklands

an Argentine withdrawal.

questions and making a state-

ment on the Versailles summit of Western leaders, told him that Britain had been trying to

achieve a negotiated settlement for eight weeks. The only thing

standing in the way was the

Argentine refusal to withdraw

without retaining some of the

things won by invasion.
"That is totally and utterly

insupportable," she declared

Britain had tried for a long time to achieve a settlement

through Mr Alexander Haig,

the U.S. Secretary of State, and

She reminded Mr Foot that

emphatically.

there was not a strong enough link between the ceasefire and Mr Foot asked if she was really saying that the Government intended to take no further steps at the UN and had But Mrs Thatcher, who was answering Prime Minister's no further interest in trying to

incident

she said.

and the Palestinian people

she told MPs, and she wanted

determination as a principle. It is important for the Falk-

lands and for the Palestinian

people. We have never hesitated to accept that."

Mrs Thatcher also con-

demned the "utterly brutal attack" on the Israeli Ambassador in London last

week, and praised the police for their handling of the

stamp out tyranny and terrorism wherever it occurs,"

"We will do everything to

the territorial

of the Lebanon

helieve in self-

If that was so, he said, then Mrs Thatcher was going back on undertakings which Britain had previously given to the Security Council.

achieve a ceasefire through

In common with moth of the other countries at the Versailles summit, he believed that Britain should go back to the Security Council with another resolution and try to win full support for it. Firmly, Mrs Thatcher told

him that he had missed the point. If the Argentines agreed to withdraw then there could through the Security Council. be peace very very quickly. It

was not the British Government or the UN that was standing in the way—It was the Argentine junta.

If they would not withdraw or negotiate then they would have to withdraw through force.

She told Mr Sydney Bidwell (Labour, Southall) that if the will had been there the Argentines could have withdrawn by now. Even today they had only to contact the British commander in the field and withdrawal could be agreed before the battle for Port

Britain, she argued, was right to veto the resolution in the Security Council last Friday. The trouble was that the resolu tion contained no unequivocal hink between a ceasefire and a withdrawal. Such a link was absolutely vital for it to be acceptable to Britain. Dame Judith Hart, chairman f the Labour Party, yesterday

called on the Government to investigate reports that Argentina is ready to agree to withdraw its troops in two weeks— Britain's main condition for a Dame Judith said the U.S.

Ambassador to the United Nations, Mrs Jean Kirkpatrick, had said the Argentine offer was made during the UN Security Council debate on a ceasefire, vetoed by Britain on the grounds that it set no deadline for an Argentine with-

Dame Judith delivered to Mr Francis Pym, Foreign Secretary, a petition signed by 26,500 people calling for a

Rail guards oppose union deal on flexible rostering

BY PHILIP BASSETT, LABOUR CORRESPONDENT

TRAIN GUARDS' representaoverwhelmagainst the decision of their union, the National Union of Railwaymen, to accept the key productivity improvement of more flexible rostering.

While the decision of the sectional NUR guards and shunters conference was taken before the agreement between British Rail and the NUR on a special flexible rostering payment to guards of 50p per shift. it still indicates the considerable feeling against the proposal, particularly among activists.

The conference decision also goes against the pattern of the acceptance of flexible rostering by guards depots. The union and BR estimate that well over 80 per cent of all guards' depots have now agreed to the new 7-9-hour shifts.

the guards' conference decision

- which they feel will strengthen left-wing opposition on the NUR executive to flexible rostering, and will be used by the train drivers' union to back its opposition to the system.

The resolution, approved by 229 votes to 29 at the guards' conference, called on the NUR executive to renegotiate the deal, and urged delegates to the union's annual conference later this month in Plymouth to appeal against the executive's NUR officials feel that

although the issue will be raised at Plymouth, they are confident that the union's policy on rostering will be upheld. While they stress that the sectional conference cannot formulate policy, they agree that the first signs of eventual policy changes often emerge there.

Significantly, Mr Sid Weighell, BR officials are concerned at NUR general secretary, tried to halt the discussion of some sub-

jects at the guards' conferenceincluding flexible rostering, and one-man operation of trains -in a letter sent to the conference. He argued that these were matters of union policy and therefore should not be dis

Mr Weighell is also expected to be criticised at today's meeting of the NUR executive, where he is likely to be taken to task for apparently formulating union policy on the spot in his remarks suggesting the NUR would make a pay deal with BR separate from Asler.

The executive is now unlikely to set any date for action over pay until negotiations are held with BR next Wednesday. However, it will consider a meeting with BR Engineering Ltd yesterday, in which the postpone ment of the closure of two railway workshops and of the rundown of a third was form-ally confirmed.

Foot criticises Versailles summit 'platitudes'

Tax advice for companies

AN INFORMAL clearance pro- available before the Finance

cedure is to be provided by the Bill became law and full details

Mr Ridley announced that the examine that aspect further at clearance procedure would be the Report Stage of the Bill.

Fowler deplores stoppage

by health service workers

THE GOVERNMENT yesterday Jill Knight (Con. Edgbaston),

continued to resist demands for when she said that the long-

buying own shares

BY JOHN HUNT,

THE CONTINUED need to national leaders on the need to reduce interest rates, inflation and budget deficits was heavily emphasised by Mrs Thatcher yesterday when she reported to the Commons on the economic outcome of the Versailles

Her statement was greeted with great scepticism by Mr Michael Foot, the Labour leader, who saw it as an exchange of platitudes similar to those which had come from previous summits.

He wanted to know what specific steps Britain and the other countries had agreed to take in order to bring down the high levels of unemployment. Mrs Thatcher said there had national policies for bringing been solidarity amongst the down inflation. Fundamental

Tory unionists

urge industrial

B John Lleyd, Labour Editor

CONSERVATIVE

tive manifesto.

ballots.

ballots."

relations reform

unionists are to press Mr Norman Tebbit, the Employ-

ment Secretary, for a commit-

ment to introduce a Trade

Union reform Bill, either in the

next session of parliament or

as part of the next Conserva-

Mr Tim Renton, Conservative

MP for mid-Sussex and presi-

dent of the Conservative Trade

Unionists group, said last night

that he would see Mr Tebbit on

tomorrow to seek a commit-

ment to a Bill introducing

secret ballots on strikes and

Earlier Mr Renton called in

the Commons for a discussion

document on reform of union

rule books. He said "extreme decisions" were taken by

unions without the use of

Secretary for employment, told

the House that changes in trade

union rules would be enforced

by the Government if volun-

tary reforms were not brought

in by the unions.
"We are giving them the

chance to reform themselves voluntarily." he said. "We have no doubt at all of the need

for greater union democracy-

and we do not underestimate

the need for more use of secret

He told a Labour questioner,

"I do not think many

who said that unions should be left in control of their own rule

MPs would agree that all union

rule books are so perfect that

they safeguard the rights of all

members—quite clearly they do

for greater democracy within

'Clearly there is a call

Mr David Waddington, Under-

election of executives.

trade

tackle unemployment. But this had to depend on soundly based growth and in order to achieve that, inflation, interest rates and

Mr Roy Jenkins (SDP Hill-head), who was formerly a Labour Chancellor of the Exchequer, asked whether she believed that the Americans would now take greater practical steps to intervene to give greater stability to the dollar

Board of Inland Revenue to

assist applicants to take advan-

tage of the tax relief provided

in the Finance Bill for com-

panies buying their own shares.

Secretary to the Treasury, last

ing committee considering the

Bill that one of the main aims

would be to provide a practical

interpretation of the require-

ment that to qualify for relief

the transaction must be shown

to be designed to benefit a

trade carried on by the com-

This safeguard is embodied in clause 46 of the Bill to

eliminate any possibility of the

relief leading to a bonanza for

shareholders instead of remov-

ing fiscal obstacles to trans-actions necessary to benefit the

increased pay offers to nurses

Mr Norman Fowler, the Social

Services Secretary, condemned

health service workers, which,

he said, was bound to have an

adverse effect on patients. "We strongly deplore the action

·He defended the offer of 6.4

per cent for nurses, 6 per cent

for doctors and up to 5 per cent

for other workers. They would

lead to £320m extra spending on

staff in England alone, he said.

being taken," he told MPs.

yesterday's 24-hour stoppage by

and other health workers.

trading life of the nation.

pany or a subsidiary.

night told the Commons stand-

Mr Nicholas Ridley, Financial

were caused by fundamental

The same point was raised by a Tory back bencher, and Mrs Thatcher said the U.S. leadership at the summit had been anxious to reduce the American deficit by cutting spending. It was agreed that this approach

She said President Reagan was anxious to reduce expenditure not just for one year but for a succession of years "so that the market would have a clear signal that it was not just the U.S. inflation rate that was coming down but the deficit as well."

would be disclosed by the Inland

board would not be able to give

a definitive answer in regard to

any scheme until the Bill was

on the Statute Book. But to

assist companies or their advisers, the board would be

prepared to express an informal

opinion before the Bill becomes

Mr Ridley suggested that

schemes designed to buy out a

dissident shareholder after a

Sir William Clark (Con Croy-

Tory back bench finance com-

quoted shares of a quoted com-

term effects of the battle against

inflation would be lost if those

groups now on strike were

Mr Fowler said he would

meet leaders of the Royal

College of Nursing today and

the nurses' Whitley Council

members tomorrow to continue

talks on a permanent pay

North), the former Labour Social Services Secretary, claimed there was "broader opposition to the Government's

pay proposals in the NHS than

Mr David Ennals (Norwich

granted their requests.

arrangement.

The Minister stressed that the

Revenue today.

disparities in exchange rates from Mr David Steel, the Liberal leader, who pointed out that since the economic summit unemployment in the developed countries had gone up steeply.

> He wanted to know if there had been any discussion on the social effects of mass unemployment, and if there had been a determination to introduce urgent measures to reduce it.

The Prime Minister said there had been an awareness of the need to bring down unemployment. Once again, however, she stressed that the nations had agreed to do this bringing down interest s, inflation and budget

Large and clear

side of him.

To the audience, the screens looked transparent and the words could not be seen. It therefore looked as if the President was merely glanc-ing from left to right to embrace different parts of the audience. From his side, however, the words were writ large and clear.

Commons Sketch

Reagan's

technique

Houses

dazzles both

PRESIDENT REAGAN came to Westminster to improve his

image and to reassure MPs

that he was not the aging

film actor of popular repute.

but an international states-

man dedicated to peace and

dazzling his audience with the use of the latest presidential support system and demon-

strating that he retains the same homely outlook which

took him from B movies, in

which the world is sharply

divided into good guys and bad buys, to the White

Mr Reagan, his face pinkly

fresh from a morning spent riding with the Queen, spoke

for 35 minutes in a steamy heat which, according to one

dripping peer, turned the ornate Royal Gallery into London's "best Turkish bath." At no point did he consult any

notes, or give any sign of

reading a speech, and at the end MPs were astonished by

the apparent powers of reten-

tion of the septuagenarian President Perhaps, they were saying, acting was good train-

ing for politics after all.

The truth, as MPs discovered afterwards, was that Mr Reagan was reading from a

particularly cunning form of teleprompter. Projectors, hid-den in the rostrum, projected

his script onto to two lecterns

otherwise assumed to be bullet-proof screens, on either

What he succeeded in doing was

Afterwards MPs were intrigued and clearly envious. Indeed, immediately after the Presi-dent sat down, there was almost as much interest in the method of delivery as in the contents of the speech.

Mr Reagan was the first U.S President to address both Houses of Parliament and he was clearly very aware of both the honour, and the historic nature of the occasion. The significance of the fact that the venue had to be downgraded, following protests by Labour MPs, from West-Gallery was lost in the splendour of the occasion.

The Royal Gallery may be one down on Westminster Hall in the scale of honours the Commons can bestow, but in terms of ostentation there is nothing to beat it in the Palace of Westminster, with its 60 ft bigh painted ceilings, giltframed portraits, gilded statues and two vast canvases depicting past military vic-

tories in all their bloody splendour. Mr and Mrs Reagan got all the pomp and ceremony the U.S. television audience could have wished for A detachment of the Queen's Bodyguard of the Yeoman of the Guard were lined up for the President's arrival and he was met by the Lord Great Chamberlain, the Marquis of Cholmondely who in turn introduced him to the Prime Minister. Mrs Thatcher was then left to take care of Nancy Reagan while the Lord Great Chamberlain took President Reagan into

the Robing Room. Bemused tourist

The President, still wearing his ordinary lounge suit, was then conducted into the gallery, where he was greeted by a faulare of trumpets and in-troduced to the Lord Chancellor and the Speaker of the Commons. By the time he was seated on the dais between the two bewigged and pantalooned figures of the Speaker and the Lord Chancellor, he had the silghtly bemused air of a tourist who had wan-dered on to the set for an

MGM extravaganza. The gallery was packed with MPs and peers, sweating pro-fusely under the television are lamps. The only hint of a draught came from some inadequate fans which, in the White House, would have been despatched to the base

ment long ago. Sir Geoffrey Howe was in his usual Budget grey suit, while, Mr Michael Foot, seated to the front row, looked un-characteristically well-pressed in blue serge. Other MPs, however, were more daring

and wore crumpled light summer suits. In between them, House of Commons clerks dressed for the occasion in morning suits, ushered people to their feet, and on entering the vast room people almost expected to be asked whether they were a friend of the President's or the Prime Minister's.

The answer would have had to be "both." Mr Reagan's speech showed how close his ideology is to Mrs Thatcher's and how like her he sees the world in very black and white

Elinor Goodman

Telecom engineers accept 8% package

THE POST OFFICE Engineer to differential pay rises for ing Union has accepted a pay presently all-round but includes a 5.25 per cent cut for new staff

pay rise of 8 per cent from July 1, for the union's 120,000 members now employed by BT. The pay package was recommended by the union's national

executive, and Mr Bryan Stanley, the general secretary, described it as the best yet in the public sector. But a number of delegates

expressed anger at the pay cuts for some grades, including apprentices, recruited after July 1. Newly recruited BT labourers, now among the best paid in the country, will face the highest cut of 14 per cent in present pay rates.

Mr Doug Sanderson, of the West Middlesex branch, said: principles."

grounds that it was preferable new recruits.

package with British Telecom members. He also said that which gives an 8 per cent rise BT's 2,200 labourers were the best paid unskilled manual workers in the country.

ricennical and manual grades.

A large majority of the 700 guaranteed productivity paydelegates at the POEU's annual conference in Blackpool January 1, will give the form accepted the deal which January 1, will give the top rate engineering structure £9,871 and the top rate technical officer £9,217 per annum. Technical one grade will get £148 per week and 2A top grade £134 per week. But new

recruits to the technician 2B lowest grade will get £107 per week after July 1, compared with £113 for present em-ployees. New labourers will get £93, compared with £109 In the second round of national executive elections, the left lost one seat on the NEC when Mr Phil Lloyd, a Militant supporter, was ousted in the occupational elections. The left-

right balance is now 15-8 to the Conference narrowly accepted "To accept this deal would be the executive-backed pay deal a violation of basic trade union for the POEU's 8,000 members in the post office. It is broadly Mr Derek Bourn, for the the same as the 8 per cent BT NEC, defended the deal on the deal, with similar pay cuts for

BA cabin staff hit flights

BY BRIAN GROOM, LABOUR STAFF

BRITISH AIRWAYS yesterday one cancelled 16 of its 23 intercontinental flights from London health. In a letter to employees because of a dispute with cabin staff, who are claiming longer union proposals would mean rest peniods.

Managers were meeting leaders of the British Airline Stewards and Stewardesses Association last night in a hid to prevent further disruption

Cabin staff say they are suffering from jet lag stress because of a new shift system

introduced on transatlantic flights in February as part of BA's survival plan. It involves after BA suspended 13 cabin one flight pattern, instead of flight to Barbados.

BA denies that this endangers yesterday, it said alternative recruiting 150 more staff and cost an extra £1m a year in hotel costs and allowances

The airline offered a compromise which excluded Los Angeles and San Francisco from the shift system, but the association rejected it, demanding that Miami and Barbados be exempt as well.

return Atlantic trips in staff who refused to work on a

Bank staff may block Saturday opening

BARCLAYS BANK'S largest its 70,000 UK staff, is drawing up contingency plans to fight any reintroduction of Saturday opening this autumn.

Mr Eddie Gale, general secretary of the Barclays Group Staff Union, said these could be employed if mem-bers decide in a ballot, likely to be held shortly, that they want to "stand in the way of

Any decision on measure would rest with the general committee, which will meet at the end of June or in July. Mr Gale would not disclose options

consideration.
One possibility could be to "black" work on Fridays and Mondays in protest against Saturday opening. The hank believes staff who did this would be in breach of con-

Barclays meets its unions today and tomorrow to explain the reasons for its plan.

Barclays plans to open 400 branches, each staffed by five to 10 volunteers. BGSU's rival, the TUC-affiliated Banking, Insurance and Finance Union (Bifu) is urging its 15,000 Barelays members not

to volunteer. • Phoenix Insurance Company has averted a threat of industrial action with a pay and conditions package which raises salaries by 9 per cent. effective from the start of this month.

The 3,400 members of Bifu among the 4,000 staff had voted by a small majority for a work-to-rule over five issues not related to pay talks.

These were: the terms of part-timers; redundancy payments: an alleged increased stringency in awarding meritbased increments; a dispute over whether a house purchase scheme should be reviewed jointly; and improvements in the staff life assurance scheme.

Miners join picketing nurses

thousands to the distressed workers in the National Health Service in a flourish of righteous indignation, and socialist chivalry. It remains to be seen whether

the decision of the region's 40,000 miners to back the third one-day strike by NHS staff will force the Government's hand. But there is no doubt that the stoppage in the pits has proved a formidable shot in the arm for a pay campaign some thought only last week was on the critical list.

Yesterday, as the sun rose over the straddling red brick mining towns, it looked as if the miners had simply extended their week-long Whitsun holiday into a gala.

The management at Ledston Luck Pit, on the road to Castle-ford greeted the shutdown with dour resignation. "Oh, they're out all right," the manager confirmed. "But I doubt they'll be so pleased when they see the Nupe refuse men coming round to empty their dustbins—some'll wonder why they can't do their striking for themselves." No such gloom hangs over

the Pontefract General tion that the Labour P. Infirmary, only a few miles also failed in the past. down the road. A phallanx of the question of other white-starched shock troops workers' solidarity was raised basked in the sun outside an here too. Mr Henry Daley, an entrance decked with banners executive member of the Yorklike a Thames pleasure boot, shire miners region, delivered it wants.

But dark rumours of scab a stern rebuke to other unions reader. clerical staff and management which had failed to back the clerical staff and management which had failed to back the As one red-faced protester plots lurked amid the good-regional TUC's call for pointed out: "We can be stath-humoured banter, The scene of sympathy action. A health union both too."

scene from Grimms' Fairy Tales, whether the hospital was run- more than 75 per cent of the burly muscle-bound miners all ning on a skeleton staff was pits had taken the decision over the county flocked in their turned on by an elderly matron: without a picket in elder turned on by an elderly matron:
"We'll all be a skeleton staff soon if we accept this wage offer, " she said.

The equivocal mood Pontefract was echoed at Wakefield where about 1,000

Muscle-bound pit workers take to the streets in a flourish of socialist chivalry. Ivo Dawnay reports from Yorkshire.

NHS workers marched to a rally in the shady cathedral square. The column snaked through grimy shopping streets, as hoarse cries of "Maggie out" mingled with a hasty reworking of a current advertising slogan "we'll take more care of you,
12 per cent, 12 per cent "-some in quavering soprano.

But speakers who tried to lay the blame entirely at the door of the current government were rebuffed sharply when a rousing cheer followed a sugges-tion that the Labour Party had

YORKSHIRE was up in arms outrage ran only inches official who told the crowd that yesterday and it made a daunt- beneath the surface. One un- picketing had brought the ing sight. Like some bizarre fortunate reporter who asked miners out was told later that without a picket in sight.

Several other unions, including Aslef train drivers, joined the picket line in Leeds. But in Yorkshire, the euphoria of the smaller towns was markedly less apparent.

A bitter row over "scab" workers has worsened the strike at both the city's main hospitals. Both Nupe and the Confedera-tion of Health Service Employees are refusing any return to work until the management lays off all but emergency staff.

Mr Eric Hill, house governor at the General Infirmary, confirmed that the strike was having a notably more severe effect than that of 1979. One hundred of the hospital's 750 beds are now empty, the piles of dirty linen are becoming mountains and, most critical, the absence of operating and sterilisation staff has brought chaos to oper-

ating schedules. Outside the infirmary, pickets acknowledge that the patients are taking the brunt, but they insist repeatedly that the responsibility lies with the

Government. "Politics must be taken out of the health service," an indig-nant Cohse worker said. "We must have justice."

It is this keen Yorkshire sense of justice and fair play that the Government has upset and a long battle lies ahead if it wants unconditional sur-

Healey attacks managers

MANAGEMENT IS the "Achilles heel" of the British economic system, Mr Denis Healey, Labour's deputy leader, said in London yesterday. Addressing an Institute of Directors' meeting, Mr Healey said there was "no doubt that management in Britain is infinitely inferior" to competitors such as the Japanese. He also painted a gloomy picture of the chances of an economic recovery in Britain. He said inflation was just at likely to rise as fall, oil

every opportunity it could have MPs who answered a special taken. MPs who answered a special questionnaire were generally "There is no doubt in my satisfied with the broadcasting view that the Achilles heel of of parliament, according to the the British system is manage- all-party committee's report, ment," he said.

prices could go up, and that the recent Versailles economic conference had "muffed"

budget deficits had to be brought lower.

exchange rate. Mrs Thatcher told him it had been agreed that the only real way to achieve greater currency stability was to follow similiar

differences in economic policies.

was the right one.

More members urged for

Ulster Assembly NORTHERN Ireland's Boundary Commission has suggested increasing the number of members due to sit in the Ulster Assembly proposed by Mr James Prior, Secretary of State for Northern Ireland.

The commission announced yesterday that it was recommending an 85-member assembly instead of the 78-seat house it proposed two months

The change comes after a number of written complaints and submissions which followed the commission's original pro-Northern Ireland now has 12

board-room dispute were likely to satisfy the conditions laid down in the clause. Westminster parliamentary con-stituencies. At the next general election, the number is to be increased to 17 and the boundary commission now don South), chairman of the suggests that any new assembly mittee, called for the clause to should draw five members from each of the 17 constituencies. be extended to apply to any un-Dehate on the Committee Stage of Mr Prior's devolution Mr Ridley undertook to plan continued in Parliament yesterday. Seven-and-a-half hours of debate have already been spent on the Committee

Stage and 137 amendments have still to be considered. There was a growing feeling among MPs that Mr Prior would have to curtail the debate if he wanted to press ahead with his plan for elections for an assembly in the autumn.

Tebbit denies

THE GOVERNMENT'S plans for a new youth training scheme do not involve an element of compulsion, Mr Norman Tebbit. the Employment Secretary, said yesterday. He promised a decision on the final shape of Mr Tebbit told the Commons at Question Time that he would

compulsion

the plans "before too long." chairman of the Manpower Ser-

The Minister agreed with Mrs ever before." Unease over broadcast questions

LIVE broadcasting of Question
Time made the House of Commons sound like "a second-rate beer hall" and was "an unbeer hall" and was "an un-mitigated disaster," some MPs have told a Commons Committee.

The criticisms reflect what the first report from the Select Committee on Sound Broadcasting calls the "unease" of MPs at hearing themselves dur-ing the daily questioning of Ministers at the despatch box. More than three-quarters of

which was published yesterday.

the critics said too much emphasis was put on Question

Mr Ray Fletcher (Lab likeston) summed up the feeling when he told the committee: "Question Time is rarely anything other than party knock-about stuff performed by amateurs. I do not judge the relative merits of Mrs Thatcher and Mr Foot by the quality of their wisecracks, however good

disaster

seriously damaged the standing of the House as a whole."

Mr Anthony Nelson (C Chichester) complained:
"Although somewhat better
now, the audio transmission still ounds like a second-rate beer hall sometimes.

The BBC said yesterday it was happy with the general outline of the report. It welcomed a recommendation that absolute privilege should be conferred on broadcasters in respect of the live broadcasting of defamatory words spoken in either House and another which said that broadcasters should be given they sound on the air."

Mrs Jill Knight (C immunity from proceedings for Edgbaston) said: "Live broad-contempt of court in the case of casting of Question Time was an contemptuous material broad-



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"MILTON KEYNES? THERE'S AN AIR OF CONFIDENCE ABOUT THE PLACE. YOU JUST CAN'T PUTA PRICE ON THAT KIND OF THING."

ROBERT SLY, MANAGING DIRECTOR, TELEPHONE RENTALS.

FT COMMERCIAL LAW REPORTS

Intention insufficient for legitimate last voyage

JADRANSKA SLOBODNA PLOVIDBA v GULF SHIPPING LINES LTD

Queen's Bench Division (Commercial Court): Mr Justice Staughton: May 25 1982

TIME-CHARTERER who intends, after discharging cargo carried under the charterparty, to use the ship to carry other cargo on a voyage which he reasonably anticipates will be completed within the charter period, cannot assert that it is a legitimate last voyage unless he communicates his intention forthwith to the ship-

Mr Justice Staughton so held when giving judgment for the shipowners, Jadranska Slobodna Plovidba on an appeal from an interim arbitration award, in their claim for damages against the charterers. Gulf Shipping Lines Ltd, for failure to redeliver order a vessel on a last voyage the chartered vessel, the Matija under a time charter if they casonably anticipated that the Gubec, within the time limit specified in a charterparty on the New York Produce Exchange

HIS LORDSHIP said that under a charterparty the owners agreed to let the Matija Gubec for one Far East voyage. The charterers had an option to take the vessel for 12 months, "45 days more or less." and a second option, to extend the first period by a further 12 months, "45 days more The charterers exercised both

options. The vessel was delivered for service on Decem-ber 8 1972, and the period of two years, 45 days, was thus due to expire on January 22 1975. By mid-November 1974 it was the charterers' firm intention to use the vessel, after the Far East cargo had been discharged, to carry a cargo of cement to Lagos. charge in Lagos on January 9
1975. That would have enabled the charterers to redeliver in the charterer in the charter in the charterer in the charterer in the charterer in the charter in the charterer in the charter in the charterer in the charter in the charterer in the charterer in the charter in the charter in the charterer in the charterer in the charterer in the ch It was reasonably expected that the vessel would complete disvessel 12 or 14 days later, prob-

day of the charterparty period.

charter provided for that was apparently a fixed and definite period, there was nevertheless a certain flexibility which would permit redelivery a few days late. Thus a time charter "for a period of two years" was not broken if, for example, the vessel was redelivered after two years

and five days.

The second proposition was reasonably anticipated that the voyage would be completed within the charter period, either according to the literal wording of that period, or as extended by the effect of the first proposition. Both those propositions were well-established. They gave

flexibilty and business efficacy to what would otherwise be an intolerably rigid contract. The arbitrator found that by early December the charterers were committed to lifting the cement; that on December 7 the charterers ordered the owners to perform the voyage to Lagos; and that the voyage, under foresee-able circumstances at the start of loading on December 10, was not a legitimate voyage, but that by then the ship was already committed to lifting the cement. He evidently concluded that the date at which the legitimacy of the last voyage must be tested was December 10, when loading

a charterparty provided for a period such as two years, "45 days more or less," was any

Those expectations failed to materialise. The vessel was the 45 days itself the toler delayed and was not redelivered until April I. The charterers sought to resist the owners claim for damages by reason of the combined effect of two well-established propositions.

The first was that, if a time charter provided for that was apparently a fixed and definite days more or less in charterers' option," that ousted the tolerance implied by law. (See: the Dione [1975] 1 Lloyd's Rep 115, the Aspa Maria [1976] 2 Lloyd's Rep 643, and the Mareva A/S [1977]

1 Lloyd's Rep 368).
His Lordship considered that he was bound by decisions of higher authority as to whether a given form of words in a com-monly used form of contract was sufficient to exclude an implication which the law would otherof the same opinion in the

When shipowners or charterers or their broker, or even their lawyers, needed to decide rapidly whether a prospective voyage the limits of time permitted by a charterparty, it could well be understood that they would wish to have those limits clearly defined. They already had to hazard an estimate of how long the prospective voyage would take, without also having to guess what an arbitrator or judge would assess as a reasonable tolerance, at some distant date. It should not be made too difficult for them to avoid the second of those perils by the terms of their

additional tolerance. The second question was, at what date did one judge the legitimacy of the last voyage? Should it be tested when the charterers formed a firm inten-tion to perform it (mid-

In the result, the latest ter-

minal date of the charterparty was January 22 1975, without any

did nothing which further tie them to the cement voyage there

The formation of a firm intention by the charterers as to the use of the vessel was not by itself sufficient to establish a legitimate last voyage. The reason was again, business convenience. A shipowner at some later date

would be ordered by the

charterer on the voyage in question. By that date the voyage might appear likely to exceed the charterparty time limit together with an express or implied tolerance. When the shipowner protested, the charterer would tell him that a firm intention to perform the last voyage was formed some days

weeks or months ago.

The shipowner would have no readily available means of verifying that assertion. On the other hand, if the charterer really did form a firm intention, there was nothing whatever to stop him communicating that intention forthwith to the ship-owner in the shape of an order. If he chose to keep it secret, then he did so at his own risk.
A firm intention on the part of the charterer was by itself, in-sufficient to establish the date of the legitimacy of a last voyage. The charterparty expired on January 22 and the charterers

were liable to the owners in damages. For the owners: Mark
Havelock-Allen (Clyde & Co).
For the charterers: V. V.
Veeder (Lloyd, Denby Neol).
By Rachel Davies

Henry's Secret ought not to be RACING BY DOMINIC WIGAN Beverley. Henry Candy, whose long

wait for a first English classic victory ended on Saturday, must be hopeful that in More Kisses GOOD CLASS fillies' races are the feature today, with New-bury's Twyford Stakes being he has another filly to follow Time Charter's example in the followed later in the evening by major middle-distance event. that always intriguing two-year-old race at Beverley, the Hilary On her only appearance to

Needler Trophy. date More Kisses left no-one in Both races could well develop doubt at Salisbury recently into matches near bome for that she is capable of running Swift Wing-now thought to be with distinction on the grade back to her best - and More one courses when forging to Kisses should have the pace to victory in a division of the shake off rivals in the closing Wincanton Maiden Stakes. stages of the Twyford. The hat-If, as seems likely, More trick seeking Miss Realm and Kisses has come on a few if the Easterby filly will be

pounds as a result of that first effort, she could well have the measure of Swift Wing, a tough and consistent two-year-old who, like most of the Arundel horses, was clearly out of sorts in the spring.

Half-an-hour before Twyford, anything but a win for Mr Abdulla's Fine Edge in the Berkshire Stakes will come as a surprise to many.

Miss Realm, a four-lengths winner at a recent Ripon evening meeting after scraping home at York, seems sure to make a bold bid to keep the Hilary Needler Trophy in Yorkshire. However, I doubt

quite good enough to take back Henry's Secret, who was bended a Windsor prize on the plate when Lester Piggott looked over the wrong shoulder or Bright Crocus.

> NEWBURY 2.00—Judy Conkers 2.30—Kiva 3.00—Town Flier 3.30—Fine Edge** 4.00-More Kisses 4.30—Sandalay YARMOUTH

2.45—Miss Thames 3.45—Ris Turn* BEVERIEY –Karen's Star 7.35—Henry's Secret*** 8.35—B Jaski

Williams

Interest Rate Changes

Williams & Glyn's Bank announces that with effect from 8th June 1982 its Base Rate for advances is reduced from 13% to 121/2% per annum.

Interest on deposits at 7 days' notice is reduced from 10% to 91/2% per annum.

Williams & Glyn's Bank plc

Grindlays Bank p.l.c. **Interest Rates**

Grindlays Bank p.l.c. announces that its base rate for lending will change from 13% to $12\frac{1}{2}$ % with effect from 9th June 1982 The interest rates paid on call deposits will be:-

call deposits of £1,000 and over 91% (call deposits of £300 — £999 81%) Rates of interest on fixed deposits of over £5,000 will be quoted on request.

Enquiries: Please telephone 01-930 4611



BASE LENDING RATES

DAJE LERU	ING KAILS
I.B.N. Bank 13 %	Robert Fraser 14
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Arbuthnot Latham 13 %	Hill Samuel§13
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Sanco de Bilbao 13 %	Hongkong & Shanghai 12
CCI 13 %	Kingsnorth Trust Ltd. 14
Bank Hapoalim BM 13 🖔	Knowsley & Co. Ltd 13
Bank of Ireland 13 %	Lloyds Bank 12
Sank Leumi (UK) plc 13 %	Mallinhall Limited 13
Bank of Cyprus 13 %	Edward Manage C. Co. 14
	Edward Manson & Co. 14
Sank Street Sec. Ltd. 14 %	Midland Bank 12
Bank of N.S.W 13 % Banque Belge Ltd 13 %	Samuel Montagu 12
	Morgan Grenfell 12
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Beneficial Trust Ltd 14 %	
Bremar Holdings Ltd. 14 %	E. S. Schwab 13
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irst Nat. Secs. Ltd 151%	1 Mortgage base rate.

Yorkshire Bank **Base Rate**

With effect from 9th June 1982 Base Rate will be changed from 13% to $12\frac{1}{2}$ %p.a.



Yorkshire Bank

Reg. Office: 20 Merrion Way Leeds LS2 8NZ

GARDENS TODAY

The hardy, dependable cistus

BY ROBIN LANE FOX

June. I have my eye on cuttings for the future. By mid July, my season for this pleasant task will reach its peak

Out-of-flower good parents are easy to miss, so I am marking the best varieties in my mind. I am sure to forget them in the deluge of roses, mock orange blossom and campenulas which distract us in a month's time. At the lower levels, beneath

sunny walls or in the forward rose of a border, the winter has left some serious losses. I have been filling up with violas, pink hardy geraniums and boxes of tobacco plants. No doubt they will look as good as many things which I lost, but I will conrinue to miss my older cistuses and as their season is now beginning I am watching others' plants very closely and planning to take cuttings from the best.

The cistus is that shrub of the Mediterranean maquis whose leaves are too aromatic for the diet of goats and whose saucer shaped flowers come in shades of pink or white, marked with attractive blotches. On the long view it is nature's sad retort to man's assault on her former

By clearing off her tall trees and grazing her soft shrubs with flocks, man made the Mediterranean into a dry sunny desert which the cistus invaded and appreciated. For once, nature's loss was greater than ours, for the cistus's flower scent and shape made up for colour for several weeks.

beauty.

LOOKING ROUND gardens this some of the damage to woods and meadows. Once, Sicily and Cyprus were thick with trees. now they are thick with cistus and some of the best are among my favourite garden shrubs.

The winter confirmed convenviews of their hardiness. The toughest clearly is the white flowered Laurifolius survived two severe snowstorms and a night frost of 25 degrees on an exposed west corner of my house. This an upright citrus, not the boldest but the most reliable. I would bet on it in cold gardens and like its freedom of flower and its thin shape to

However, it cannot compare with the glorious tall form called Cyprius. This is a shrub with white flowers blotched with chocolate brown in their centres. It grows quickly, spreads to a height of 5ft and a width of five or six. I lost my old plant, but retained a young one which was growing in the centre of an unprotected

a height of 6 ft.

tang of a delicious cistus and although they look rather drab in winter, their shiny olivegreen effect is pleasant in the growing season. I would want this rewarding shrub in the middle of any new sunny border, especially on a lime soil. The flowers fall quickly after opening, but they appear so freely that the shrub persists in

The leaves have the resinous

not purple, but a rich sunset pink marked with a fine dark eye. It reaches a height just below Cyprius and pairs prettily with its taller white relation. I also intend to find a named form called Betty Taudevin whose brighter colour and tougher nature impressed me at Wisley last summer.

The dullest sister, as often is among the most widely bought. Called Silver Link it is a wretched disappointment. was talked into buying one and the least of its vices was its sudden death in the frost of 1978. The bush is twiggy the leaves are small and a felted green-grey, while the flowers are small and a meagre

Do not bother with this one, nor with the low-growing Corbariensis whose small white flowers are marked with a yellow stain at their base. It is unexciting and the winter killed it off so its hardiness is

now open to doubt.

Instead I recommend three of my favourites. Under tall trees in Wisley gardens I was surprised to find a good spread of the big white flowered cistus called Palinhae. It reaches 2 ft, no more, and is too dense for weeds to grow inrough it. The flowers are memorably large and fresh so the plant's slight tenderness deserves to be overlooked.

Its only rival among the pinks beautiful spreading form of is the lovely Purtureus. This is. Laistanicus is more tender but even more desirable. Its white flowers have deep crimson yes in their centre and appear on wide mounds of spreading branches.

Besides a house or on a terrace I would choose this long flowering shrub wherever i could shelter it. There is an aromatic hybred called Loretii which has a similar contrast of colours but it grows into a bush not a carpet. In botanical collections, it seems to me to have the most gum on its leaf and the most strongest scent among its white and crimson flowers.

There are many others but none so good as these. They will grow in any sunny site and the poorer the soil, the tougher their performance in a cold winter. Give a cistus a dry stony site and you will please it. By late July, I'll be setting off with polythene bags to harvest my chosen cuttings.

If your older plants have been partly killed, cut their back now to the first signs of green on a stem. Remember, however. that they will never sprout again from brown wood. Otherwise take young cuttings from the base and root them easily in the humid shelter of a polythene bag or cover for a seed

Cistuses grow very fast and are a dependable gamble. For little cost and trouble, you can raise a dozen for yourselved.

LONDON

9.30 am Schools programs

11.54 Dick Tracy Cartoons, 1230 Windfells. 12.10 pm Raiobov. 12.30 The Communicators 1.00

News with Peter Sissons, plus FT Index. 1.20 Thames News with Robin Houston 1.30 Crown

Court. 2.00 After Noon Phis. 2.45 The Six Million Dollar Man.

3.45 Three Little Words. 4.45 Yosemite Sam. 4.20 Storybook International 4.45 Audy Roison.

names News with Andrew Gardner and Rita

6.25 Help: Community action with Viv Taylor Gee

7.00 Where There's Life.

8,00 The Benay Hill Show with Henry McGee, Bob Todd Jack Wright and

7.30 Coronation Street.

Hill's Angels.. 9.00 Harry Carpenter Never Said it was Like This.

5.15 Mr Merlin.

6.00 Thames

Carter.

6.35 Crossroads.

10.00 News.

5.45 News.

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 10.00 You And Me. 10.15-11.37 For Schools, Colleges. 1.00 pm News After Noon. 1.30-1.45 Over The Moon. 2.01-3.00 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Scooby Doo, Where Are You? 4.40 Oscar, Kina and the Laser. 5.05 John

Newsround. Wildtrack. 5.40 News.

6.00 Regional News Magazines. 6.25 Nationwide.

6.50 Number . Jennings recalls his foot-ball life.

7.25 The Wednesday Film: "The Valley of Gwangi," starring James Franciscus

9.00 News. 9.25 Sportsnight:

Sportsnight: Athletics from Crystal Palace— England v U.S. v Australia v Sweden; Boxing (pre-view of Larry Holmes v Gerry Cooney); plus report from the World Show Jumping Championships in Dublin.

10.38 News Headlines.

for achievement in the American theatre, Broad-

Chris Dunkley: Tonight's Choice Those of us who dislike soccer but have some residual

TELEVISION

enthusiasm for other sports, despite the tedious and despicable antics which too much money too often produces nowadays, should be relishing every morsel available in these past few days before the boredom of the World Cup envelops all. Sportsnight on BBC 1 brings the first big outdoor athletics match of the season from Crystal Palace with England competing against the USA, Australia and Sweden. They also promise a preview of Gerry Cooney's fight for the heavyweight championship of the world against Larry Holmes in Las Vegas on Friday. That will be televised by BBC 1 on Saturday night.

Tonight's ITV programme competing with Sportsulght (which as usual is presented by Harry Carpenter) surely constitutes a unique clash: it is a play about boxing written by Peter Cheevers and Ian La Frenais called Harry Carpenter Never Said It Was Like This. It is not unknown for actors to clash with themselves, but surely no sports commentator ever before dominated Britain's two most popular channels simultaneously.

Earlier BBC2 repeats The Englishwoman And The Horse, splendid documentary made by Edward Mirzeoff featuring not so much the predictable horsey females of the county set (though they appear) but much more bizarre enthusiasts

BBC 2

6.40-7.55 am Open University. 10.05 Gharbar. 10.30-10.55 Play School. 12.30-1.20 pm Open University.

5.35 Charlie Brown.

7.30 News Summary. 7.35 Hooked.

- the Horse. 9.00 Butterflies.

10.45 Middle East-The Longest 8.05 The Englishwoman and

11.45 Kaz. 12.40 am Close: Sit Up and

†Indicates programme in

9.30 Frost in May. 6.00 The Great Cover-Up. 11.09-11.50 Newsnight. black and white

All IBA Regions as London except at the following times:

ANGLIA 1.20 pm Anglia News. 2.45 The Lest of Summer. 5.15 Jangles. 6.00 About Anglia. 11.45 Clive James and the

BORDER

1.20 pm Bordor News. 2.45 Ireland of the Welcomes. 5.15 Survival. 6.00 Lookaround Wednesday. 11.45 Bordor News Summary. 1.20 pm Central Nows. 2.45 The Body Human. 5.15 Diff rent Strokes. 6.00 Crossroads. 6.25 Contral News.

CHANNEL

Danger UXB. 12.40 am News and Weather in French followed by GRAMPIAN m First Thing, 1.20 pm North 2.45 Trapper John. 5.16 6.00 North Tonight, 11.45 Leithean. 12.15 am North

GRANADA

CHANADA

11.45 am Wattoo. Wattoo. 1.20 pm
Granada Reports. 1.30 Exchange Flags.
2.00 Crown Court. 2.30 Putting on the
Style. 2.45 The Lana Martell Show.
3.16 Arthur C. Clarke's Mysterious
World. 4.45 Andy Robson. 5.15 Mr
Merlin 6.00 This is your Right. 6.05
Crossroads. 6.30 Granada Reports.
11.45 City of Angels.

1.20 pm HTV News. 2.45 Fantasy Island 4.15 Ask Oscarl 5.15 Privata Benjamin. 6.00 HTV News. 10.43 HTV News. 11.45 Ladios' Man.

HTV Cymru/Weles. As HTV West except:—12.00-12.10 pm Ty Bach Twt. 4.15 Here's Boomer. 4.45 Liygad Barcud. 6.00 Y Dydd. 8.15 Report SCOTTISH

12.30 pm Survival. 1.20 Scottish News. 2.45 My Father's House. 5,10 Teatime Tales. 5.20 Crossroads. 6:00 Scotland Today followed by Action Line. 6:30 Down to Earth. 11.45 Late Call. 11.50 Pro-Celebrity Snooker.

1.20 pm TSW News Headlines. 2.45
The Last of Summer. 5.15 Gus Honeybun's Magic Birthdays. 5.20 Crossroads. 6.00 Today South West. 6.30
Tele Views. 6.40 Sportsweek. 10.47
TSW Late News. 11.45 Danger UXB.
12.40 am Postscript. 12.45 South
West Woather.

1.20 pm TVS News. 2.45 Trapper John 5.15 Watch This Space . . . Good News of the Week. 5.30 Coast

to Coast. 6.00 Coast to Coast (continued). 11.45 City of Angels. 1240

TYNE TEES 9.20 am The Good Word. 9.25
North East News. 1.20 pm North East
News. 1.25 Where the Jobs Are.
2.45 The Love Boat. 5.15 Private
Benjamin. 6.00 North East News. 6.02
Crossroads. 4.25 Northern Life. 10.45
North East News: 11.45 Pavilian Folic
12.15 am The Sound of Silence.

1.20 pm Lunchtims. 2.45 Young Ramsay. 4.13 Ulster News. 5.15 Gambir. 6.00 Good Evening Ulster. 10.44 Ulster Weather. 31.45 News at

YORKSHIRE 11.55 am The Undersea Adventur of Captain Nemo. 1.20 pm Calend News. 2.45 Charlie's Angels, 5. Private Benjamin. 6.00 Calend (Emisy Moor and Salmont editions

(s) Stereo broadcast (when broadcast on vhf)

am As Radio 2. 7.00 Mike 9.00 Simon Bates. 11.30 Paul t. 2.00 pm Steve Wright. 4.30 Powell. 7.00 Radio 1 Mailbag. lavid Jensen. 70.00-12.00 John

RADIO 2

5.00 am Steve Jones (a). 7.30
Terry Wogan (s). 10.00 Jimeny Young (a). 12.00 Gloris Hunniford (s). 2.00
(a). 12.00 Gloris Hunniford (s). 2.00
(a). 5.45 News, Sport. 8.00 John Dunn (s). 8.00 News. 8.05 Your Midweek Choice (continued). 8.00 News. 8.05 Your Midweek Choice (continued). 8.00 News. 8.05 Your Midweek Choice (continued). 8.05 Northorn Symphony Orthestra (s). 10.00 Pariklan/Fleming/
(a): 5.45 News, Sport. 8.00 John Dunn (s). 8.00 Alan Dell with Dance Symphony Orthestra (s). 10.00 Pariklan/Fleming/
Roberts Trio (s). 11.25 BBC Northorn Symphony Orthestra (s). 1.00 pm News Briefing. 6.10 Farm-News. 1.05 Concort Hell (s). 2.00
(a). 9.55 Sports Desk. 10.00 Your Mennard tolls Local Tales. 10.15 The Committee Symphony Orthestra (s). 1.00 pm News Briefing. 6.25 Shipping Forecast. 4.00 Choral Evensong (s). 4.55 News. News. 9.05 Midweek, Henry Kelly Copenhagen Boys' Choir (s). 7.00 A Ouestion Time. 10.30 Daily Service.

RADIO

Greng says Thanks for the Memory. 11.15 Brian Matthew with Round Midnight (storee from midnight). 1.00 am Encore (s). 2.005-00 You and the Night and the Music (s). RADIO 3

THE EMPLOYMENT BILL

The Financial Times published a series of articles during March and April looking at Norman Tebbit's Employment Bill. These articles have now been reprinted as a booklet and are available at a cost of 50p (including p&p).

> Please send cheques or postal orders payable to Financial Times to: Nicola Banham, Publicity Department, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY.

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TYNE TEES

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ins a Committee

TECHNOLOGY

Hazel Duffy reports on a solution to urban transport

Travel by sophisticated bus

instruction of underground id rapid transit systems, hich, when in operation reuire a high level of subsidy. The Daimler-Benz solution

as been registered under the

Vehicle

Drive system

Track guidance

Command and

control system

BY ALAN CANE

A BRITISH biochemicals com-

pany claims to be able to

supply, for the first time in

quantity, one of the most

important new tools available

The tool is a new enzyme,

one of the proteins which initiates and catalyses

chemical reactions in living

cells. This particular enzyme

is important because it is able

to snip out pieces of the genetic material of the cell in

Many enzymes (they are

cleases) are able to snip out

pieces of genetic material

restriction endonu-

very specific manner.

termed

to the genetic engineer.

Operation

Roadway

growg list of cities which has the flexible usage of the basic opterior the construction of bus, which can be adapted for experve underground trans- use in many different ways portystems as the preferred both underground, on raised solion to its urban transport sections, on guided tracks, as a high-capacity multiple unit the construction of tracks.
the West vehicle, and even as a com. The best view of the syst Gran bus and truck manuface pletcly automated driverless tur, says that many cities system. The system can be run and solve their problems by

ti use of a sophisticated bus a Daimler-Benz started work on stem rather than opting for the O-Babn about 15 years ago.

It has done most of the development work using its own resources at an estimated cost of DM 25-80m, but has also received a Federal Government grant for development of the guided track system.

O-Bahn Components

single

at ground level

Internal combustion engine

public roads

electronic

regular service with

hordie Miscell

single

tunnelled

automatic

information

system management

(the count is over 350 and

rising) hut the new enzyme is

alone in recognising and cut-

ting between two of the four

bases which are combined in

permutations and combina-

tions in the genetic material.

important? Because genetic

engineering is at such an early stage in its development that "libraries" of genes

which give rise to specific bio-

chemicals are still being created. The new enzyme,

Aha III, will help in that task.

It has been isolated in quantity by P and S Bio-

chemicals in Liverpool, a

Why should that be

combinations (hybrid)

combinations

with AEG-Telefunken on the ance system. development of electric drive equipment, with SEL (part of ITT) on computer systems of control, and with Ed Zublin on

The best view of the system's flexibility is to be seen at the company's test facilities at Rastatt, close to Baden-Baden in south west Germany.

But the first application of

the O-Bahn is a 1.3 km trackway in Essen, completed in September 1980 on an old tramway track, the vehicle fleet consisting of 21 articulated buses and three regular service buses which operate by a

electric motor

track guidance. • fixed guidance system

separate lane

single or vehicle train

elevated

fully automatic operation

small company linked with

Liverpool University.
Dr Peter Dean said Aha III

was first isolated by Dr Nigel Brown of Bristol University.

but that it proved difficult to

It is extracted from a blue-

green alga which lives in the salt lakes of the Sinai Desert.

grow the algae in bulk, which he achieved by mimicking its

living environment very

Isolation was achieved using

affinity chromatography, a

technique which Dr Dean has

perfected over many years. It

The medium-term bank

Head Office and General Management in Naples

for Southern Italy

prepare in quantity.

accurately.

demand mode

The next stage at Essen, on which work has started, will provide 2.5 km of dual operation trackway early 1983, and the third stage will be a mixed bus-streetcar operation in a 2.3 km long tunnel.

The Essen experiment is being followed up in Regensburg, where a 1600m long tunnel under the old city is planned; but more important, in prestige terms, is the decision by Adelaide in Australia to opt for the O-Bahn to link the north-eastern suburbs with the city

Plus point

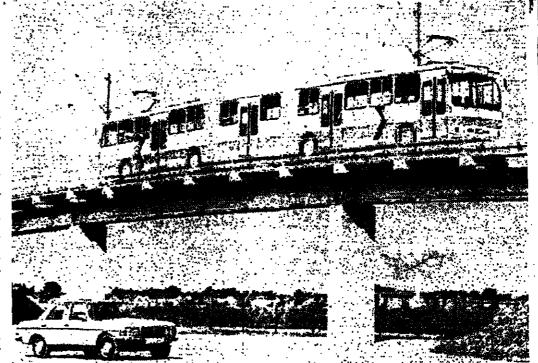
Adelaide-chose the O-Bahn as against a light rail system primarily on grounds of cost; although more expensive than a conventional bus system, Daimler-Benz says the O-Bahn was preferable on a number of considerations such as maximum safety at speeds of 100 km per hour, low noise emission, comfort, etc.

The manufacturers claim that the biggest plus point of the O-Bahn is the opportunity it offers of starting with a limited system which can be extended to much more sophsticated

systemf at a later date.

Guided tracks, which make more efficient use of the amount of road space in busy city centres, need be laid only where they are needed. Where the volume of traffic lessens and the road space increases, the bus can revert to being a conventional

bus.
The most exciting prospect



Low-cost guideway and track elements are essential part of the O-Bahn system and this also applies to bridges of prefabricated materials used to heat hottle-necks in urban traffic.

held out by the O-Bahn is the development of the operational control system to fully automatic operation. This is already being done at the test centre. The vehicles are controlled and monitored by a control centre for speed and safe distance between vehicles.

Communication between the control centre and the vehicles is by means of a line wire, which will determine the positon of

positioning is achieved by counting the wheel revolutions.

A computer system in the vehicle compares the nominal and actual speeds, transmitting signals to the actuating links of the brake system and the en-

Daimler-Benz is extending its research work in the guidance of public transport vehicles into private transport, although the benefits of efficiency gamed by automated public transport will be less apparent in private transport, the main advantages being the support it will offer to the driver and greater safety.

Daimler - Benz executives

a world underground projects reign new underground projects.

supreme is a tough assignment. For the company, acceptance of the O-Bahn-which, in spite of the Essen pilot project, is more likely to be outside West Ger-

EDITED BY ALAN CANE

many—would provide a ready market for its buses. The company has failed to convince the Bangkok authorities that an expanded bus system could solve the problems peculiar to congested Third World cities.

The Adelaide achievement, however, could prove to be the jurning point for an enterprising system which promises greater comfort to the longsuffering bus passenger as well admit that selling the O-Bahn as being less onerous on the where prestige city's coffers than the prestige

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Surprise computer speaker

JACK MELCHIOR, the well known Californian venture capitalist, will be a surprise guest speaker at a conference on "First Time Financing" sponsored next week by Barclays Bank and Computer Weekly.

The conference, aimed chiefly it would-be entrepreneurs in the computer business, is designed to explain how money. can be raised to support new

ventures. It will be chaired by Sir. Frederick Wood, chairman of the British Technology Group and other speakers include entrepreneurs Eddie Bleasdale and Ron Weedon. Professor-Frank Sumner of Manchester University will lead the discussion. Kensington Close Hotel, 17 - more details on June 01-643 8040.

Dilution of methane

THE National Coal Board hasapproved a de-gassing unit for the dilution of explosive methane in mines from Tool and Steel Products of Sheffield. The unit in co-operation with the Welsh Area Ventilation Office of the NCB. Tool and Steel is a mem-ber of the Wincobank Engineering Group (0742 51004).

Heavy handler

ROLLMOVER, a handling devicefor heavy goods such as paper and cable reels and coiled sheet able to deal with loads up to 1816ky has been introduced by Aero-Go. It is available in three models to take various diameter

materials. More on 0892 870100.

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UK enzyme for the genetic engineer Challenger wins its heat tiles in half the time of Columbia

involves finding a material to which the desired enzyme has an affinity, and so can be used to separate the enzyme from all other protein in the poolthe biological analogy to magnetic separation of metals. "What we are trying to do,"

Dr Dean said, "is to turn back some of the £2m that the UK tached to the space vehicle. spends importing high tech-nology biochemicals cach усаг. "We can isolate Aha III in

any amount now, but it will still he expensive --- perhaps £1.50 a unit." The market for Aha III could be worth £50,000 a year.

Company (LMSC) has now completed the heat resistant tiles for Challenger, the second of NASA's shuttle orbiter fleet and more than half have been at-

> Lockheed is providing 24,400 tiles and supplying material to Rockwell International which vill manufacture the remaining 5.600.

Columbia, the first space shuttle and Challenger will have used tiles to protect them as Nextel. This contains a small from the frictional heat of reamount of boron which welds

of pure silica, commonly known as LI-900 and LI-2200.

But for subsequent shuttles Lockheed is now producing a different 'protective material This is known as FRCI-12 (a fibrous refractory composite in-sulation—the 12 means 12 lb per cubic foot).

The material consists of 80 per cent pure silica fibre and 20 per cent of a fibre known

LOCKHEED Missiles and Space entry to atmosphere comprised the two substances into a rigid structure during high-temperature sintering,

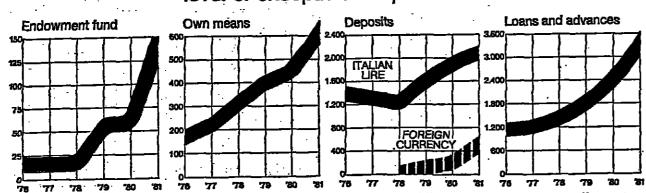
Bud Alne, Thermal Protection Systems Manager of Lockheed Corporation, said that the lessons learned since the first Columbia flight had resulted in the Corporation now being able to manufacture tiles in about half the time required earlier.

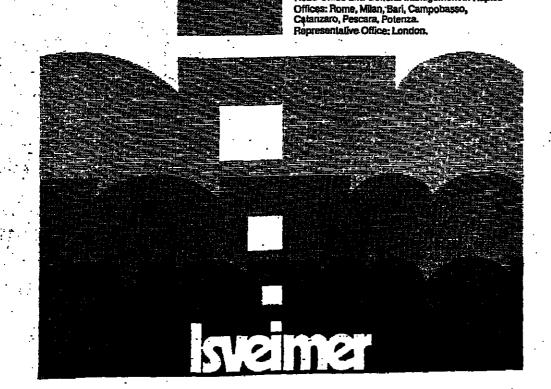
Columbia has about 31,000 protective tiles of which just over 300 needed replacement after the first flight.

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Please send r your industrial information pack, and details of the grants and in ntives you can give me.

Why Eaton's drivers cut the grass

Nick Garnett on the US group's attempts to remove British demarcation barriers

ONE OF Eaton Corporation's than have been achieved at most in Manchester, when he came across one of the site's heavy goods vehicle drivers. The driver informed him that since he did not have a "drop" to make that day he was going to help cut

the grass around the buildings. That kind of labour flexibility, which sends shudders through traditional trade unionists, reflects a staggering change over ing environment at the Man. at the Manchester site will no chester site—one of two UK longer be bargained over in the plants of the transmission divi- normal sense, and when the sion of Eaton Limited, the manual workforce will not be British holding company of the required to clock on. What U.S. corporation. The other makes that remark unusual is plant at Basingstoke has another product range, a different labour relations and investment back. Engineering Workers at Eaton involved in the type of change was far taking place in Manchester. is now.

What has happened at the Manchester plant marks it out using words such as "trust" in two ways from others in the country that have been caught up in the drive to improve the hard factual hackground to

are much more fundamental chester.

the changes in the way people now work not as a goal in themselves but as a kind of staging post towards a time when traditional union-management relations will have been replaced by something quite different. It is a programme, though, which contains potential difficulties. ne, though, which

Bob Hackett, the assembly works manager, believes there will come a time when wages that Hackett was a convenor for the Amalgamated Union of and has not been when the working atmosphere was far removed from what it

Because Eaton managers like the hard factual background to Changes in working practices what has happened in Man-

1978, was marked by some of the classic symptons of low productivity and unpleasant management - union relations then common in many engineering factories, and possibly still prevalent in much of that in-

Between 1978 and September, 1979, new senior managers began to attack some of the plant's problems, though not some of its fundamental handi-

Then, in a few hours in that September, virtually the whole plant was destroyed by fire. The re-opening of a new plant on the same site last year was accompanied by new pay arrangements and a new labour contract involving wide-sweeping changes in shopfloor practices.

Before 1978, Eaton employed 1,100 people in Manchester, 840 of them blue-collar workers. The site had relatively old equipment and was riddled with nasty labour problems.

Alan Best, now the company's European operations

Senior managers was strolling other companies. More important that managers at the plant view that changes in the way people the changes in the way people the companies of the companies of the companies of the plant view that changes in the way people the changes in the chang "autocratic and aloof. There was a hierarchical and detached. paternalistic management struc-ture. It was not open and there was very little reaching out to paternalistic management structhe workforce."

اهكذا من الدُّعل

On the opposite side stood a nion "sub-culture" built around a 15-man group of shop stewards and with extremely entrenched attitudes. Apart-from a general air of belligerence and a virtual absence of communication, there was a host of specific problems.

Faulty system

Restrictive practices designed around craft demarcation, which is all too familiar to engineering managers, had a virtual stranglehold — skilled turners would only work a lathe, for instance, and fitters had to have mates. That inevitably bred overmanning. Introduction and awkward business. The use of an outside demonstrator to show the shopfloor the operation of a new lathe itself sparked off a strike, one of a number suffered by the plant.

As in many companies, the pay system was faulty. It was made up of a high, non-variable basic wage element, together with a payment-by-results bonus system, which provided up to a further 25 per cent. That placed artificial restraints on output and was a cause of fric-

Productivity was catastrophic at base-pay level, so during disputes workers could slash output dramatically simply by carrying out industrial action in such a way as to lose only

The levels of output related to payments were negotiable. But this frequently resulted in management settling for soft options in an attempt simply to keep the plant running.

Supervisors, believing they were the meat in the sandwich, generally opted to give up much

In late 1977, Best, a former demanding Halewood site, was series of meetings at which the earning £133 per week, excludbrought in as manager of the position was laid on the line. A ing a £23 shift premium.

The plant's history can be manager, and an instrumental Manchester facility, and instigated a programme of change. He was working with another recruit, Pat Tunney, the employee relations manager and a former official of the says Best. "Before, there had just been abdication."

built Tunney says: "We tried to get into and underireath the subculture control. Where there is a lack of communication, there tends to be censorship of information stewards."

In other words, the plan was to break down barriers between management and shoo stewards. adopt a more open personal approach and increase partici-pation. "We created a cultural shock," says Best

At the same time, manpower was cut by 10 per cent, includ- more than £15m (a substantial ing some severe reductions in salaried staff. Tighter disciplines were imposed and staff and hourly-paid workers coming back late from the pub were sacked. Drinks in management board meetings were removed.
"That created more squeals than almost anything else," Best, "but it got us respect."

Two supervisors appointed from the shopfloor as trouble-shooters to sort out problems in assembly and castiron machining, the two most difficult areas.

arrangements Productivity were revised, allowing some plant-wide measurement based on parts of the factory, as well tion between different work as individual incentives, which was better than the previous system, though by no means satisfactory, and some of the separate bits of paper making the confusingly-worded labour agreements were tidied up. Some new equipment was

> "We were changing behaviour, so this would then affect attitudes," says Tunney. "Most

After the fire in 1979 Eaton was initially undecided about where to rebuild. This led to a powerful bid by Best to persuade the Eaton Corporation to of their authority, leaving the sanction a new plant at Man-measured day working introfield further open to control by chester. It was coupled with a duced with the standard times promise that the management to do each specific job being and workforce could deliver the

. All this was coupled with statement of intent by the the employees virtually saying periodic plantwide information meetings, extra skill training, "Give us a chance, we'll do it," introduction of problem-· The eventual sanctioning of solving circles, and generally much greater consultation. The company is aiming to build on

change.

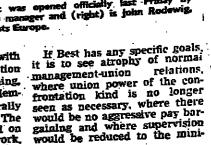
part of which was covered by insurance on the old plant) of investment on a new plant now employing a very much smaller workforce of 280 at Manchester was coupled with new labour regulations.

was drawn up.

The operating agreement was to be the framework of the new business. It gave virtually total vertical and lateral labour flexibility within the ability of the skilled turner may be expected to do stacker driving; operators may do all the maintenance work they are capable of; and electricians can carry out some mechanical repairs.

There was an acceptance of new technology, removal of restrictive practices, introduc-tion of a joint consultative committee, a new shift system, and a commitment to preclude any form of unconstitutional industrial action. The company also wanted to take out of the arena points of likely aggression, so the bedding-in process could be got on with undisturbed. As a attitudes," says Tunney. "Most of industry had only been doing the first." result, a three-year pay agreement was negotiated linking wage rises directly to the cost of living and providing in-creases lower than the RFI to a strict formula.

At the same time, the bonus system was swept away and non-negotiable. Three grades of In late 1977, Best, a former necessary productivity. The labour were created with those plant manager at Ford's workforce was involved in a in the skilled group currently labour were created with those



There are some worrles which the company can see, however. If union power is negated to such an extent, Eaton could be challenged by the union structure from outside possibly in the shape of the local AUEW district committee.

It also places an onus on Eaton to ensure it chooses the right managers. Within this looser managerial - shopfloor arrangement which the company is talking about, the workforce may be able to carry management waywardness. But a dictatorial management leadership which constantly gets things wrong could generate the re-creation of a more traditional union-management relationship. This is what the company is hoping to see die of its own accord—and with the full support of its workforce.



Eaton's new transmission plant was opened officially last Friday by Prince Philip (left). Alan Best (centre) is European operations manager a vice president of Prock Components Europe.

this by emphasising teamwork.

and encouraging self-manage-ment, such as the scheduling of

Groundwork

Best says the groundwork for all this was at the preparatory

stage before the fire, but the

destruction of the plant crystalised everything and

allowed for much more rapid

philosophy, rather than a set of facts," says Best. "And the com-

pany has to believe in it. People are basically honest and

intelligent, and react to the kind

of environment they work in It

is a recognition of people, if

you like. They have got to have some enjoyment in coming to

work If you build trust and

respect, there should be no fear

of disagreement or of change."

"This is basically about a

BOARDROOM BALLADS

DAY OF RECKONING

The chairman's great phlegmatic calm Spreads its reassuring balm. Like oil upon our troubled waters. Throughout the corporate headquarters; And soothes away our worried frowns, Across the business ups and downs. With words of fatherly good cheer, For fifty-one weeks of the year.

But sometime in the fifty-second, On past experience, we've reckoned. Even he will fall, instead. Victim to some inner dread: And brood upon the now impending Prospect of the fiscal ending And a ritualistic beating At the Annual General Meeting.

With negligible dividends, The annual event portends A day of unremitting terror. And pained acknowledgement of error; When pension-funds and institutions Exact their doleful retributions. And vitriolic widows brandish Their share-certificates in anguish.

While some, with well-rehearsed finesse. And eyes upon the watching press, Will make pejorative assessments Of home or overseas investments; Or use their half-a-dozen shares To catch the chairman unawares, Enough to give the board the vapours When they read tomorrow's papers.

And how the shareholders will treasure Their chance to take sadistic pleasure, Or revel in this king of sports— Delaying company reports— Until, the final insult parried, The annual report is carried! And, off to gin and tonics boasting, Oh, what a lonely chairman's roasting!

While he, poor soul, his torment ended. Or for another year suspended, A double-brandy on the shelf, Is visibly his former self! And offers, to relieve the tension, In words I wouldn't care to mention, A few, well-chosen apothegma On shareholders and AGMs. **Bertle Ramshotton**

Next week: Corporate Communications.

THE HONGKONG **BANK GROUP**

announces that on and after

8th June, 1982

the following annual rates will apply

Base Rate $\dots 12\frac{1}{2}\%$ (Previously 13%)

Deposi\ Rate (basic) $9\frac{1}{2}\%$ (Phytiously 101%)

The Hongkog and Shanghai **Banking Corporation** The Britsh Bank of the Midle East Mercantile Bak Limited

Antony Gibbs & Sons, Ltd.



Clydesdale Bank

BASE RATE

Clydesdale Bank PLC announces that with effect from 9th June 1982 its Base Rate for lending is being reduced from 13% to $12\frac{1}{2}\%$ per annum.



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June 3-July 31982



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To the Registrar, IMC Professional Reg

professional practice, maintained by them as an international service to industry commerce and government.

- Structuring the deal to m

Principal Laurence Franklin will visit London, June 14 through 16. An appointment may be arranged through Mr. Reginald Franklin at 01-629 4167.



Base Rate

The Bank of Scotland intimates, that as from 9th June 1982 and util further notice, its Base Rate will be decreased from 13% per annum

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BANROF SCOTLAND

to $12\frac{1}{2}\%$ per annum.

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Spitalfields Festival

New London Chamber Choir/ Spitalfields

After an impressive debut in three concerts in St John's. Smith Square, earlier in the year, the New London Chamber Choir brought a programme culled from that series to the Spitalfields Festival on Monday pight. It was a finely balanced pairing of a recent work by the choir's conductor James Wood, and Gesualdo's Tenebrae Responsories for Holy Saturday.

The astringency of Gesualdo was a necessary antidote to the sometimes lingering sweet-ness of Wood's Ode to St Michael, completed in 1981 for the Schola Cantorum of Oxford. Wood is an outstanding percussionist and, as this concert proved, already a fine con-ductor: he also studied composi-tion under Nadia Boulanger. Yet Boulanger's elegance and concern for surface appears 10 have left its mark on Wood's music subcutaneously, if at all. The principal influence behind the ode was the Messiaen of

The Davies piano sonata

On Monday a late-nigh ecital at the Spitalfields Fest val brought the second Londo performance of Peter Maxwe Davies' Piano Sonata, again its dedicatee Stephen Prusi-Vir Pruslin occupies n altogether special place n recent British music, above II through his collaboration th Davies and with Harrison ptwhistle—sometimes behind he scenes, but also as enseble pianist with the groups for which they have composed the Pierrot Players and the ires of London. The Davies Stata. accustomed spotlight.

By ordinary concert stan-dards. Pruslin is anyth? but seasoned solo pianist, Jeresting musical ideas nerge, struggling, as he picks is way round the gaping hole in his technique. That is won hearing, but a trial too: laydn's Sonata in C. Hob. XV 48 was a case in point in the recital —flustered, dodgy, erilously insecure of rhyth Even Ravel's little "Ment sur le

invented the noome, more or

less, and it ensur him a niche

piano concertos e much less

often remember: but they are

this week by is compatriot

John O'Conor vith Nicholas

something mo than an exer-

real, the perfiners are stylish

and the curre weather induces

a mood in wh these inventive

and disarmi works can be

two concert one a product of

Field's midens and the other

Romantic-decade or so later.

Winsome ies, claborated in

plano-filige are the heart of

the matterne soloist holds the

foregrouniunchallenged, with orestration designed

above alto set his prelly

decoratio in relief. The high

register f the piano is

delighter explored, over and

On Mond; we had the first

- re full-bloodedly

gratefully areciated.

charms the music are

in musical histe. His seven assault.

John

Field'sconcertos/Barbican

David Murray

being honoured the Barbican still less brittle. If the com-

Kraemer and te New Irish tions and shy confessions, it Chamber Orchus. This is has an original stamp — even

cise in exhiation, for the ness beyond the routines upon

Field (1782-1837) tougher note to be struck: the

Cinq Reclants, and the fond-ness for sweet harmonies con-jured up (possibly coincidental)

suggestions of John Tavener. This setting of Psalm 103 and two passiges from Revelation is lavish n its use of resources: a double choir, two soprano soloists, wo sets of gongs, and a tape c organ, another choir and ganelan. One wished they could hive all been more gainfully imployed. The work's ritualiste skeleton, strict canons alternaing with the wild and exotic passages from Revelation, Into at naivety, and the abandoment to undisciplined texturs or tinkling, "poetic" hackgounds suggests a simi larly unsophisticated approach to crating sound.

Th New London Chamber thin; the score demanded of then as they did to Gesualdo Resonses, performed here complet with the Benedictus he wree as appendix. In the sevre nave of Christ Church. Spalfields, it sounded gravely heutiful and Mr Wood's carefuly pointed and punctuated caducting gave it more than apple room and flexibility.

ANDREW CLEMENTS

iom de Haydn" reeled way wardly from bar to bar, with curious lights thrown upon the music while the essential

demure poise was quite jetti-soned. Probably Pruslin was not aiming to be definitive. The Davies Sonata was another matter: "definitive" is exactly what one expects Pruslin to be with it, in the circumstances. It is long, knotty and taxing, and he applied himself heroically. Broad lines were made bravely articulate, and some dramatic detail was powerfully telling. It is good to hear that he is about to record the work-the document was

But there were also some complex metrical passages in which note-values scarcely approximated to those written in the score: was that licensed rubato, or was it involuntary? There were washes of neo-Impressionist arpeggiations which seemed to cry out for the lucid fluency of a virtuoso. and chains of chords topped by trills that juddered and stamwith the Sonata is established for good, but it will be salutary to hear what another sort of performer may make of it.

occasional vizorous sally never

develops into a dramatic

That isn't to say that the

expressive means are trivial.

poser's little world of feeling

is a matter of gentle palpita-

the passage-work has a fresh-

which his immediate successors

traded. John O'Conor has the

necessary clear and delicate

touch, and the right unemphatic

bravura. Mr Kraemer and the

orchestia make a sensitive

match for him. The last three concertos can be heard tomor-

NatWest backing

for "Dream"

will continue to sponsor A Midsummer Night's Dream, the

Royal Shakespeare Company's

second production in its new

This production was first seen

Barbican Theatre on June 16.

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row and Friday.

DAVID MURRAY



THE ARTS

Scene from 'The Longest War'

Television Chris Dunkley

The scramble is on, among those who think they know better than the rest of us what is good for us, to staunch the flow of new relevision systems. From Mary Whitehouse to the London Business School (perhaps not such a great span) the paper floods out, urging the Hunt Inquiry to vote to "regu-late" cable television. Mary Whitehouse is calling for yet another public body specially to control cable TV. Professor Ehrenberg and T. P. Barwise of the LBS declare there must be a national supervisory framework. The anxiety to urge Hunt to declare in favour of controls results, no doubt, from the recent appearance of the Government's own "Report On Cable Systems" which although it is a pretty lacklustre publication does opt for derestriction and "self-regulation after the

manner of the advertising or. newspaper industries."

My own view is that for once historical inevitability is on the side of freedom of expression. Nanny may think she knows best, and she and her friends may stick their fingers in a number of holes in the dyke for a while, but sooner rather than later they will find the electronic information flood no longer spurting out of holes but coming straight over the top in tidal waves. Controlling it will involve the sort of totalitarian measures necessary in the Soviet Union to control the previous information revolution: printing (lately enhanced by photocopiers which are illegal in Russia except under Government licence)

Only this week it was revealed that Radio Luxembourg has already booked space on a rocket scheduled for 1985 to launch a £200m satellite to proride Britain with a new telerision channel carrying feature films. light entertainment and comedy with a strong news element. It might start at about the same time as the BBC's two new satellite channels. If the American experience is anything to go by, that could be merely a drop in the approach-

ing torrent. But won't most of the programmes in that torrent be rubbish? No doubt they will. However, as with newspapers and magazines, music and books, the blessing of freedom entails the responsibility and the chore of wading past the 90 per cent of rubbish to settle upon the 10 per cent of worthwhile material. In any case, given the choice, most people prefer rubbish as the ratings prove every week.

Optimists would say that Thames Television's series The Middle East-The Longest War which started on ITV last night ence just as writer Tom Stop—about commerce in particular meth "Palestine, A Nation In pard intended. Felicity Kendal —which lift the whole enter-waiting" was extraordinarily continues as Christopher, another inspired piece of casting. But it is the non-stop jokes that Waiting was extraordinarily timely. Pessimists would say that if they had delayed even a few more days the series would have been out of date and useless. Even now there over agi, for hitle of the at Stratford last year sponsored are touchy moments: "The musical naternal requires a by National Westminster Bank, threat of an Israeli invasion

Freedom—even if it means rubbish

said last night's commentary. and directed doesn't believe in habying his audience, as we If telling the story means a succession of talking heads with precious little visual relief then you can be sure that talking heads is what you will get. And we did. Since they included Yassir Arafat (and his brother the doctor) Leila Kaled (looking more beautiful and more

cession of other Palestinians whose heartfelt assertions of determination to regain their homeland were frequently hacked by poignant mood music. and considerable talk of Zionism, there will no doubt be considerable Jewish fury this morning.

bourgeois than ever) and a suc-

However, Thames can point the impeccable Jewish credentials of executive producer David Elstein and, fairness, claim that Downing's use of music is unusually thoughtful and wholly impartial. He has taken his cue from Richard Broad whose earlier series on Palestine (also for Thames) established the useful trick of having common snatches of music for the homeless of any nationality, for the victors of any nationality, and for the vanquished of any nationality. Fury will only he in order if tonight's episode "Israel, A State of Insecurity" and tomorrow's "Lebanon, The Field of Battle" are treated any

though everything was normal onwards.

razzle at the Lyttelton. For-

Alfred Lynch as the counter

clerk Weinberl and David Roper as the "classic" servant Melchior

sustain rather than improve on

the original performers but the

ladies seemed sparkier with

differently.

aid last night's commentary. Argentine footage. What Taylor Downing who produced British military men and civil servants will learn from this war, one hopes, is what they learned with the series on ought to have learned long ago Northern Ireland The Troubles, from Vietnam: that the world from Vietnam; that the world has changed radically since 1945, but much more on the home front than on the battle-

In a letter published in the FT last Thursday. Mr David Gunn wrote: "Your TV critic highlights an attitude expressed increasingly by the media throughout the Falklands war and which, if taken apart, can be roughly expressed as 'Never mind winning the war: just make sure we have enough material, fast, to fill our columns and TV screens." Nothing I have ever written

rould be interpreted even roughly as "Never mind winning the war," but much more importantly Mr Gunn has missed the point: that in order to win modern wars it is necessary to fight successfully not only on the battlefield but on the screen and on the page as well, not in any military sense but for the hearts and minds of the international public. And truth is by far the best weapon. For several weeks it seemed pretty clear that Britain was losing that war on screen and

Further on Mr Gunn inexplicably brackets together the immediate dissemination of happened with speculation on future moves, seeing both as a hazard to the troops. I would have thought there was a world of difference between the two, The present official news which is why my criticism all blackout over the Falklands is along has been aimed specificslightly less infuriating than ally at British failures to the original absurd mess in illustrate on television Britain's which television behaved as success, from South Georgia

creme de menthe frappe.

ever, about the Gunns of this world is what they imagine Britain is fighting for? If not for a society in which an electorate well informed by the mass media controls (among other things) its own military arm via elected representatives then what on earth for? If Mr Gunn thinks it better to have the military in charge and doing whatever they like while the populace is fed via a subservient mass media with what ever the soldiers choose, isn't he on the wrong side?

If I were in charge of BBC worried. As the two flagship arts series go into their insane sum-mer hiatus ITV's South Bank Show is as far abead of the BBC's Omnibus as ever. True, SBS has shown an unjustified New York, but judged over all it has had another most impres sive season, crowned by what I was slowly coming to think was impossible: a highly successful television programme about

Andrew Snell's programme on Phikip Larkin was technically adroit. Lacking the poet himself he gave us scrupulously researched illustrative film which never created banal tautologies with the words. The same could not be said of BBC2's Larkin programme six days later which on the word "town" cut to a town and on "dome" cut to a dome and so on. Worse the BBC programme was called it's My Pleasure but presented by Roy Hattersley as though entitled It is With Deep Regret. To make matters worse although Judi Dench read beautifully Alan Bennett, who sounds like an inspired choice turned out to be wholly unsuitable for Lar-Bennett has always exploited the mundane for comedy where Larkin sees tragedy, and the words were all wrong in those familiar Bennett tones. But the essential difference between the two programmes was that where Hattersley had absolutely no sympathy with what the poems express (as he readily admitted) Snell, who never even appeared,

More worrying still for the There have been cast changes Claran Madden as Frau Fischer BBC, just a week after SBS put up the shutters, Granada presented A Pianist At Work. in the National Theatre's suc- and Meg Wynne Owen as 60 minutes on Murray Perahia Some of Stoppard's verbal in which biography, autobiotunately the key role of Zangler, gymnastics are lost in the graphy, performance, and even the malapropristic grocer, is frenzy, but there is no play in still in the brilliant care of London which combines farce some charming old coloured home-movies were woven to-Dinsdale Landen, who goes over and humour so well. There are gether into a seamless whole the top and takes on the audi- also some impressive speeches with such skill in production (Basil Coleman, Stephen Mellor and Norman Swallow) and especially editing (Michael Foale) that it looked effortless. make the piece: I particularly liked the restaurant that was From the way the sound swam across the picture mixes, linkso smart that the ploughman's ing one scene almost subconlunch was six oysters and a sciously to the next, to the photography around Aldenburgh, it was all quietly superb. two decades between 1931 and liest and most cogent fashion. ANTONY THORNCROFT

seemed to have deep sympathy.

The Taming of the Shrew Rosalind Carne

A transatlantic Kate in Regent's Park

A good dose of pacy, extrava-gant, stage business rescues Shakespeare's most unpalatable comedy. No sensible woman will endure taming and my principal problem in responding to this otherwise highly enjoyable pro-duction, is that Kate O'Mara makes an unconvincing shrew and a horribly convincing, docile, bride.

Christopher Neame's Petru-chio reeks a Mephistophelean charm, looking like a Chicago gangster in his white waistcoat and pinstripe suit. He sneers and snarls his lines through a wide, knowing grin, at his best when easing into intimacy with the audience, addressing them in challenge. Can anyone suggest a better way of curbing headstrong mistress? No

ably from Paul Raffield who turns a minor servant role, Biondello, into a wise-cracking,

gum-chewing GI. He breaks into a snappy tap dance routine for the play's only original song. Director Richard Digby Day has wisely interpolated a couple of jazz numbers; Joan Davies, as the wealthy widow. wealthy widow, saunters across the stage with a very acceptable rendering of "Embraceable you," quite in keeping with the

eclectic mood.

Kate and Petruchio's frenzied courtship is what most of us remember best, but in this case it is the surrounding machina-tions that steal the show. Janet Spencer-Turner creates an unusually sparkling Bianca, and one of the fullest performances comes from William Relton as her successful sustor Lucentio.

Another Florida emigrant, he is beautifully poised between the wide-eyed innocence of the college boy and the incipient macho of the Latin male.

James Cairneross makes a solid, central figure as the busivails, dated somewhere around the late 1940s, Half the menfolk ting up the assets of the hopeful and their servants appear to have defected to the American army, and arrive in Padua on leave from Florida, instead of Florence. The ginsmick pro-Florence. The ginamick pro-vides some lively humour, not-season.



Christopher Neame and Kate O'Mara

Book Review Clement Crisp

The Colonel and the dancers

De Basil's Ballets Russes by Kathrine Sorley Walker (Hut-chinson: £12.95; illustrated) Colonel W. de Basil has often had a bad press. "He thrived on intrigue. It was as salubrious an atmosphere for de Basil as a dank celiar is for a fungus culture" is a fair sample, from Bernard Taper's book on Balanchine. But any man who could guide the Bailets Russes company which emerged in the early 1930s to buge success, and could maintain that company despite massive financial problems, must needs make enemies. De Basil's achievement was that, for all the factions and

secessions, defections of dancers and choreographers to other companies, bitter quarrels and law-suits about the rights to ballets and the magic title "de Monte Carlo," he maintained the glamorous image of the Ballets Russes through thick and, very often, thin, His story and that of the company which he controlled for

. 1952 has now been expertly told —I am tempted to write "unravelled," for it is a tangled knot of intrigues by Kathrine Sorley Walker, and it makes fascinating reading. It is a tale whose basic law is: two Russians
—a ballet company; three Russians-two ballet companies and a law-suit.

It is hard for us, after half century, to understand just how thrilling were the years when, following Diaghilev's death and the dispersal of his troupe, René Blum, director of the Monte Carlo opera house, and Colonel de Basil managed to start up the Ballets Russes again. This was the age when Danilova and Masine and the Baby Ballerinas-the just teenage Baronova and Toumanova and Riabouchinska-were the darlings of Europe and America.

- - - <u>-</u> - .

والمنتوع والمتراث

The inevitable splits, the shuttlings by dancers between companies and by an ecstatic public between theatres (Covent Garden and Drury Lane with rival Ballets Russes seasons in June 1938 were the scene of the celebrated "battle of the ballets"), are detailed in live-

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16 Sport round the marah-see it in colour (7) 20 French comic returns in time

to cause disturbance (7) 21 Meal for father among others

24 Ill-supplied with money-that takes the biscuit (10) 26 Still one has abominable connection (4) 28 Confused oration about Canad-

ian city (7) 29 Number one is his chief concern (7) A garment in an attempt to burlesque (8)

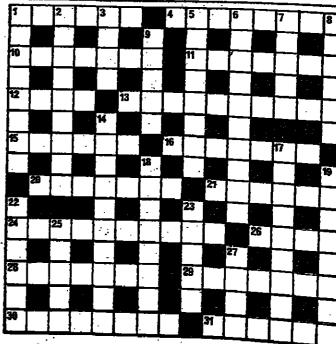
31 Drowsy agent round the shelter (6) DOWN 1 I ask chef about something to eat (44) 2 Pet subject of experiment

(6-3) "And we have wits to and praise to give " (Jenson) 19 "And - meditate the

sick-bay (6) time (3, 2, 5)

17 Whence come wine and rumours (9) 18 Get going with the chief tipster (5, 3)

thankless Muse " (Milton) (8) 5 Results from the philosophy 22 Armed guard in a car (6) of "an eye for an eye." (8) 23 Tennis champion has some-6 All quiet, though there is disting to wash in (5) turbance in the German con- 25 Old port of Rome (5)



27 It takes a hood to intimidate nection (10) ? He gets a hall to pull his fifty (4) weight (5) Solution to Puzzle No. 4,391 8 Eastern ruler is last in the

9 Photograph can be encouragement to the foofballer (5) 14 You can score 250 another

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FINANCIAL TIMES

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Wednesday June 9 1982

The ruin of Lebanon

stated intention of ejecting Palestinian guerrillas from positions where they could shell the north of Israel. The definition of security for Israel looks as though at may be broadened to encompass a total restructuring of the Lebanese political map. The aim is, as Israeli officials have stated, to create a The aim is, as Israeli Lebanon with which Israel can sign a peace treaty.

The Israeli Government to the military capability of Mr Yasser Arafat's Palestine Liberation Organisation and then to ensure that the bulk of his guerrilla forces are driven out of Lebanon.

Next, the Israelis would require the withdrawal of the estimated 30,000 Syrian troops who have been in Lebanon since 1976 when they arrived to put an end to the civil war. Both objectives would prove costly in lives and damage to proporty and indeed are already proving so. They also run the serious risk of a fuilscale war between Israel and Seria, with Syria receiving support from the Soviet Union.

Preoccupied

Israel has been gauging the wider political risks with some care. Since signing the peace freaty with Egypt, Mr Menahem Begin, Israel's Prime Minister. has probed the extent of Arab and Western tolerance to his interpretation of Israel's security requirements. Israel successfully bombed the Iraqi puclear power plant near Baghdad. It reaffirmed its annexation of eastern Jerusalem. It annexation—to Syria's Golan Heights.

The Arab countries, without the leadership of Egypt, pre-occupied with their own domestic squabbles, and conthe revolutionary ardour of Iran, made little effective response. Neither the U.S. nor Western Europe were willing or capable of restraining Mr Begin.

It was therefore not such a by occupying other people's giant step for Mr Begin to conland. That simply produces tersider an altogether more ambi-rorism." It is to be hoped that tious plan for Lebanon. The U.S. this message is heard more has already said that it is not clearly in Washington.

ISRAEL'S INVASION of considering any immediate sanc-Lebanon now appears to be tions against Israel, although it moving well beyond its initially did support the UN resolution calling for a ceasefire and military withdrawal.

The implication which may be drawn, not just by the Arab states, is that the U.S. is not greatly distressed by the wider political objectives of the Leba non invasion even if it may de plore the loss of life Should Israel prove militarily success ful in Lebanon it might then be expected to be more success ful in imposing its own version seems to believe that its forces of a political solution on have first to deal a heavy blow Palestinians living under occupation in the West Bank and

Broadening

Mr Begin has repeatedly de-clared that the West Bank is an indivisible part of the biblical land of Israel and should remain so for ever. The defeat of the PLO in Lebanon and the securing of that country against any future Palestinian pre-sence would be seen in Israel as a step towards the West Bank

resting largely on the massive 70 per cent of the vote he achieved in the presidential election early this year. He is as The Camp David agreements signed by Egypt, Israel and the U.S. provide for a negotiating much a household name and face as Mr Len Murray, the TUC general secretary: his framework which would eventually arrive at a solution for public presence, on platforms the West Bank and Gaza. The Europeans, through their Venice declaration, called for a like the one given him by CND their last weekend, is uncompdomisbroadening of that process through Palestinian participa-tion. Mr Alexander Haig, the ingly radical and passionate: he did not trim his policies to gain election and he shows few signs U.S. Secretary of State, laid These policies are all of a emphasis last week on "legitipiece, and they are aimed at mate Palestinian aspirations."

maintaining the mineworkers as Israel alone appears to have opted for the military path to the cutting edge of the British working class. To do this, he a solution. It is just possible needs to keep their numbers up that in purely military terms it and their industrial leverage will succeed. But the cost to formidable. To that end, he, others is high and mounting Opposes nuclear power. The

Negotiation

Too many countries, too many people and too many deeply held beliefs are at stake for the Palestinian issue ever to be solved satisfactorily other than through negotiation. As Mr Douglas Hurd, Britain's deputy Foreign Minister, said yester-day: "I don't think you can win Israel's security indefinitely

Pay policy back in the ring

in the National Health Service, pay anomalies and compresses complete with police and troops differentials; mounting resentcomplete with police and troops on stand-by, may arouse fears ment among workers is alleged that what happened to Mr Heath in 1973-74 and Mr except in the short term. Why, Callaghan in 1978-79 could yet then, place faith in the SDP's befall Mrs Thatcher before the proposals? next election - unemployment figures notwithstanding. Would Britain be any less prone to industrial strife under the SDP. whose draft economic strategy was unveiled for discussion earlier this week?

Where pay policy is con-cerned there is no shortage of potential voters ready and willing to submit to the pain of a new idea. Most people agree that the present system of pay determination is unsatisfactory. In the public sector Civil Service pay relativities are established according to the degree of disruptive clout. Nationalised industry employees thrive according to the extent of their monopoly bargaining power and the ability of their employer to pass on inflated wage costs to the luckless consumer.

The private sector, more vuinerable to market forces, suffers more violent swings in levels of pay and employment.

Decentralised

The SDP's answer is to dress up several old ideas in a new guise. It wants an economic policy that concentrates not on tight fiscal and monetary policy but on the objectives of output, employment and prices. And to overcome the inflationary mpact of an employmentboosting expansionary budget policy, the SDP makes a magnificent promise to square all circles via an incomes policy that is permanent, yet sensitive to market forces; part-compulsory, but none the less

Three possible approaches are One is the re-establishment of a prices and incomes board. Another is a decentralised policy based on arbitration and tax incentives. The third tack, for which the SDP's enthusiasm is more muted, would involve a combination of a firm public sector pay policy and West German style "concertation" - whereby government, management and unions would seek to agree on a broad band within which private sector pay bargaining would

criticised in the past on the not be dismissed lightly.

YESTERDAY'S 24-hour strike grounds that it simply creates to make the policy unworkable

Arbitration

It is hard to see a prices and incomes board doing the job without a fair wind from management and unions, or more effective sanctions for pay policy than successive govern ments have been able to find. Nor is the third, minimalist solution, likely to commend itself very strongly to SDP sup-porters since it boils down to a gamble on continuing restraint by employees and their unions.

Which leaves the decentralised approach based on arbitration and an inflation tax. The SDP wants an independent national arbitration body which would set a national pay norm and apply the same criteria to all disputes. The aim would be not merely to avoid disputes and achieve settlements acceptable to employers and workers, but to ensure seitlements that promote output and employment. It would also aim to follow market forces by, for example, accepting the case for pay settlements above the norm for workers whose skills were in short supply A tax penalty would come in to play when pay limits were breached.

Small steps

It is hard to see how, in the public sector, this would help deal with Arthur Scargill. In the private sector it raises a new set of labour market dis-tortions by, for example, poten-tially penalising those who tially penalising those who want to raise wages to attract more labour to which the SDP replies that the game is worth the candle if we are to have a return to non-inflationary growth. A more fundamenta doubt, however, is whether such a system is not too bureau-

cratic to be workable There can be no magic solution over pay. The most that governments can hope achieve is a succession of small monopoly hargaining power in the attempt to get back to a decentralised system of free collective bargaining. The merit of the SDP's draft paper is that it makes no attempt to skirt the awkward fences, despite the Incomes policy has been unanswered questions. It should

BRITAINS MINERS

Scargill prepares for war

By John Lloyd, Labour Editor

WHEN the National Coal

Board's figures are release

next month they will show that the UK industry made a

marginal profit in the 1981/82

The NCB notes loftily that

the world which is profitable without grants." But the board

Government is looking to phase

payment of £460m in greats.

there " is not a coal indu

is well aware that the prese

out all operating grants



Snowdown Colliery in Kept-where the miners have decided

miners'

to make a stand against closure

even if, as the NCB has in mind, coal will come to replace oil as a feedstock to massive liquefaction plants by the end of the century. • Opposes coal imports. The use of relatively cheap coal from Poland, Australia, the U.S. and elsewhere would, if extended, provide the Central Electricity Generating Board with a lever of its own against NUM industrial action. Opposes pit closures except

reduce

stations by nuclear ones would haustion. To accept the Board's criterion of closure because of unprofitability would deprive him of some of the areas of his greatest industrial strength. Yet, for all his talent and all the cards he holds, he faces great problems.

First, the centre and rightwingers of his own executivesmen like Trevor Bell, secretary of the white-collar branch Cosa, Ray Chadburn, secretary of the Nottinghamshire Miners, and Sid Vincent, secretary of the on grounds of complete ex-demoralised, but can still gather

a majority on some issues against the left. They are, like all area leaderships, fiercely jealous of their independence: the NUM is still a federal union with a relatively weak central

able to produce 10m tonnes

of coal a year with between

A good case in point is provided by the present situation in Leicestershire area. There, the area secretary, Jack Jones, has accepted that his entire six-pit coalfield will close in around 10 years. In talks with the NCB, he has agreed to run down the South Leicester pit

would take 15 average pis today to produce 10m tomes of coal, which means three times the Selby workfores

sooner. The average existing pit employs-1,000 men—ad it

4,500 and 5,000 men by the

-and possib

The NCB currently has round 30 top class pits. Most of hem are large as well as efficient such as Kellingley in Nort. Yorkshire which produces .75m tonnes a year with 2,300 mm. But a number make up for heir lack of size by high productity. The NCB reckons it has

—roughly 80 per cent of the total—to the British coal industry by the mid-1980s. another 150 "medium to god" mines which are the "hackbae of the industry" and which finance the loss-makers. Pians for an overall improvement in profitability inevitably call for the closure of inefficient pits—in some mines the Board is losing as In February last year the industry was thrown into criswhen the miners opposed NC plans to shut 21 pits, with the much at £20 on every tonne of coal produced In 1947, when the coal loss of 13,000 jobs. The 21 had lost £74m in 1980/81 and

COAL BOARD OPTIONS

industry was nationalised, the NCB had 1,000 mines. Today produced only 4.25m tonnes of there are 200 employing 211,000 miners. Since 1970 a coal between them of the national output of 124m tonne Ten of the 21 on the original total of 92 pits have been shut which means the average closure rate is nine a year. list have now been closed and we others—not on the list— And the NCB, which invested have also been shut. some £700m in the last financial And assuming closures of year. is moving slowly but surely entire pits continue at the same towards the use of big, modern, rate as for the last decade, over 25 mines and up to 25,060 jobs less labour-intensive minescould go between new and 1985 the so-called super pits. The new mine at Selby in when the crucial Government Yorkshire, for example, will be

Sue Cameron

transfers over the next two years, and to begin the rundown of two others.

grants are due to run out.

He will see his membership decline from 4,500 to 2,500 over the next few years: the remainder will largely be transferred to the new super pit in open by the beginning of the 1990s. Jones and the Leicestershire miners are not fighting: it is doubtful if they would respond to Scargill telling them

munity ("None of us have

the side of the Board. Pits like Snowdown produce coal — of high quality, in its case—but the price is high. The Kent coalfield loses £15m a year, with little prospect of improvement. Snowdown itself is losing £10,000 a man a year.

The Board, which often able position between the NUM and the Government, can argue against imports and for subsidies only so far: it must then be seen to be making itself as efficient as possible, which means more, capital intensive super pits and fewer massive lossmakers. If Mr Scargift arguments can win over conservationists and the growing anti-nuclear lobby, the Board — and behind it the Government — is in tune with the citizen as taxpayer.

Finally, there is the imponderable of the NUM membership. Even the militant miners of Kent (see below) are not wholly united behin not wholly united behind an area wide strike on June 18 Older men are tempted by redundancy payments of up to £10,000 and by pensions of up to 90 per cent of carnings. Younger miners, with high earnings from bonuses and increasing obligations, appearabless ready to give Scargill and ancy: soon after they over it mners refused to follow his all to reject the Board's paid

Scargill can and does ergue tel right-wing leadership has cufused and demoralised the encouraging! amiescence in rundown. He wi use his popularity and wallgratly increase the size of the methly NUM paper, the Miner to campaign against closures

morrow's executive will as ell as discussing industrial actin, decide on holding a: speal delegate conference on job sses some 12,000 in the past ear. Even in the depth of arecession, the NUM candiscor great wells of militancyand great hostility to the prese Government.

HOW COLLINS THE ORATOR WON THE DAY IN KENT

THE ability to move men by argument, will and sheer presence is less rare in the labour movement than commonly supposed, but is uncommon enough to be notable. A most notable instance of the art football field in Kent.

replacement of coal-fired power

President of

embarrassment last February: Mr David Howell, the then

from national confrontation to

area-by-area discussions on pit

pits without significant objec-tion. The unlucky 13th was

Snowdown Colliery in Kent:

there, the Kent area of the National Union of Mineworkers

has decided to fight, and the national executive will discuss a possible widening of the

Mr Scargli wants a militant

stance: he will have to convince

good many doubters on the

The miners' leader wields

executive, many of whom want

the issue to go through national

considerable authority within his own union, that authority

action tomorrow...

disputes procedure.

ciosures.

National

Union

The Kent mineworkers, now three pits of Betteshanger, Snowdown and Tilmanstone, have a history of militancy. Betteshanger was the only pit to strike during the last war: the strike leaders were jailed but soon released. The area's manpower was largely drawn from left-wingers blacklisted in their own areas-Scotland. South Wales, the North East —and employed in Kent be-cause local labour would not work the field's tortured, narrow seams and hot tunnels. Last Wednesday, around 1,000 of these men gathered under a marquee outside the village of Aylesham, whose economy wholly depends on They heard the area President. Mr John Moyle, report on futile negotiations with the

NCB: how the Board wished fer up to 600 of the pit's 800odd workforce, keeping 200 for a three-year driveage to a new face which might-or might not-be profitable. The programme would cost £3ma lot to risk for a possible nothing, less when set against a current annual loss of £9m. The miners, standing or

sprawling on the grass, list-ened silently. Then Moyle read the resolution adopted by the area executive to

counter the Board's proposal: strike from June 19, widen the action if possible. and no miner to take redundancy pay-off on pain of loss of union benefits.

Then the field became a tumult of angry shouts. " No! "That's our money" "We don't want that." One man beside himself with which members of the executive sat, shaking his fist under their noses. "Don't you tell us what to do! We tell you what to do! "

Moyle ploughed through the resolution and sat. Jack Collins, the area general secretary rose into a harracking of hostility. Collins is a tall, strongly built, handsome man: he might have been a model for the Leading Worker in a Social Realist painting of the

speak, his low, burred voice was half drowned He gestured to the TV

cameras on the side of the "Everybody will see you tonight on television and Derek Ezra will know he can do the same to you as Michael Edwardes did to BL. We should not want to be involved as uniners shouting and catcalling each other." The shouting and catcalling abated a little, as Collins tried to shame the audience. was largely extempore, an amalgam of appeals for loyalty ("loyalty is two-way: it is between us ail"); a de fence of his record (" I will

The speech which followed never ever sell out the miners: my record is clear"); and most of all, an appeal to the morality of a mining com-

the right to sell our jobs— it is a completely immoral attitude to adopt. And what cannot be justified morally cannot be justified at all. There will be many youngsters in this village who will want to look want to examine the men who have sold their jobs"). The speech unrolled: Col-

lius was now getting more cheers than boos. On a peak of rhetoric, he threw the motion to the meeting: "All those in favour!"—perhaps 400-500 hands. "Against" perhaps a hundred. Meeting The opposition, caught on the hop, began to ery for a promised debate too late.

So they brought home the vote in the Kent area. It was not a model exercise of the

demonic process: a debate was philsed, and none came. After is meeting's closure. in a sall scene with clear contempary parallels an elderly plish miner stood before e stage shouting at Collins: You got what you wanted Jack What you wanted at what we wanted."

Yet itwas impossible to Some, escially the older men, underliedly did want to take redulancy money and retire ear. Others — the younger en — perhaps needed soe heart put in them for sight. Their test—for the mets, Collins and the execution—will come if the board de not back down and when bey must, as Collins exheet them to do, "stand like ien, stand like

Men & Matters

Adrift in Athens

Whatever happened to those golden Greeks who once bestrode the world's shipping markets and gossip columns? Gone, gone, gone-perhaps never to return. That is the official word from Athens where the shipping industry's armadas have gathered for the biennial Posidonia Exhibition.

"Sad to say, the time of the golden Greeks is past," said Aristomenis Karageorgis, president of the Union of Greek Shipowners. The world ship-ping slump has effectively taken care of them, though there is no shortage of tanned owners and their wives swanning around the sweaty streets of Athens and the nearby port of Piraeus. In these harsh times of reces-

sion and rock-bottom freight. rates, money is no longer to be freely plucked from the hands of the world's importers and exporters. Hard work and fore-sight are what it takes just to survive nowadays, said Karageorgis. And your average Greek shipowner, it seems, is a man who likes to keep his head well below the sights off the Press gangs.

The industry certainly still

offers opportunities for profit, said Karageorgis, looking, for a rare and brief moment on the brighter side. "But it can no longer, if indeed it ever could, make millionaires overnight."

Dim outlook

Economist Rowena Mirls tells me of a slightly sad incident which shows a lack of faith in the future for women in the and Pegler, the receiver of Dol-packaging industry. She was phin Cable, a £1.7m company lately made a fellow of the Insti- floated on Teesside some 18 tute of Packaging, the first of months ago to recover out-ofher sex to be so appointed. At service telecommuni the AGM, the Institut's secre- cables from the sea-bed. tary asked her if she minded having "him" and "he" on the sell the steel, copper and guttadecorative certificate. (She did.) But apparently it was felt that with what Turton claims is the



ing to "her" and "she" would spoil the design and—wait for it—the Institute did not feel it was worth ordering any certificates specially for female

Overstretched

What is gungy brown, and stock-piled in Billingham? Right first time—guttapercha, which, as everybody knows, is the rubber-based derivative still used in making some golf balls.

The stuff at the moment is sticking to the hands of Richard Turton, of accountants Spicer telecommunication

The idea was to extract and percha from the cables. And any move to change the letter- only vessel in the world nation's TV organisation.

equipped for the job. Dolphin The idea of the National In-lifted 700 miles of cable before stitute for Higher Education, it ran into difficulties.

There were no problems in retrieving the steel and copper. But the guttapercha had absorbed impurities like salt and could not be properly treated.

Since the Malaysians have stopped making the substance, Turton reports that some in-terest is still being shown in the possibilities of this new source of supply. "Though not many people actually come along and plant fat cheques on your desk."

He expects the results of analysis from the U.S. in about a week which should show if it is technically feasible for guttapercha, and perhaps Dolphin, to bounce back.

Bare essentials

Poland's consumers' association, which was set up last year, has not only survived the rigours of martial law but has now even got permission to produce a. weekly newspaper.

The first issue of "Veto," as

it is called, contains a wry comment on the chronic shorteges in the shops. Readers are invited to enter a competition to guess the date at which a picture showing a shop with its shelves packed with goods was First prize is a bar of soap.

irish ayes

Guinness and Apple is not a new diet fad—but a combina-tion that is going to launch an Irish version of the Open University. The Dublin brower is putting

up 1590,000 and Apple Com-puter is giving 75 microcomputer systems worth around I£200,000. The money and the machines will go towards two pilot programmes on basic comtransmitted by RTE,

The idea of the National Inthe driving force behind the scheme, is that private industry will contribute to further developments on the grounds, as Guinness director Ernest Bodell says, that technological education is an investment.

The micro-Apples will go into the country's regional adult education centres where it is hoped they will excite more interest. When the machines are not in use with the TV programmes, the centres can play with them themselves.

Camping in

The long taboo subject in the Communist countries of homosexuality has been broken by the East German Communist Youth Organisation. Its newspaper. Junge Welt, has replied to a letter from a young woman who asks whether outside help should not be given to get the two homosexuals in her "work collective" to have "normal sexual relations."

"Dear Astrid." the news paper's female personal prob-lems editor says in an unusual flight of liberality, "I don't think homosexuals want such help nor would it be necessary. What should be changed is the way of thinking of people who cannot understand this."

She notes that while under capitalism homosexuality often led to prostitution because of widespread unemployment, "our humanistic convictions require us to respect and accept those who feel differently. Our laws grant homosexuals com-plete equality and there is no basis in our society to discri-minate against homosexuals."

In fact, homosexuals in East Germany are unable to hold down most Government jobs or to serve in a higher rank in the armed forces.

Observer

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FINANCIAL TIMES SURVEY

Wednesday June 9, 1982

West German Banking and Finance

Like most banking communities in the industrialised world the West Germans have experienced two difficult years of recession coupled with widely fluctuating interest rates. There are signs of stability emerging on several fronts but the domestic prospect is for a period of growing competition in most sectors

Greater awareness of risk element

By Stewart Fleming in Frankfurt

and financial sectors have been soared to a year-on-year peak shaken to the core by the of 6.7 per cent in October last, events of the past two years and the D-Mark plunged to which have forced German three and four-year lows financiers to re-assess or discard many of the assumptions on which they conducted their in the previous

In international banking markets developments first in Iran and Afghanistan, then in Poland and now in the Falkland Islands have re-inforced the unease of German bankers The Polish crisis above all has driven the point home, for the German banks are the most heavily committed to Poland as well as to many of the other East Bloc countries.

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Domestically too, however, the financial markets have been of increased risk as the realisation has spread that the eronomy and the financial institutions of the Federal Republic are bound up inexricably with increasingly olatile international financial harkets.

The past two years have provided the most dramatic and restore a Lombard rate of emonstration of this interbecause platility of international finan-

THE WEST GERMAN banking in 1980, German inflation against the dollar, the Bundesbank (the central bank) has found itself forced to defend the international value of the German currency as well as its domestic value.

Unexpected

resulted in another unexpected about the political and financial upward surge in West German risks in international lending interest rates beginning in February of last year. This took long-term capital rates to post-war record highs of over 111 per cent and helped to plunge the domestic economy mao a recession (from which it has yet to emerge) in the course of which unemployment and the bankruptcy rate have also hit record levels for the Federal Republic.

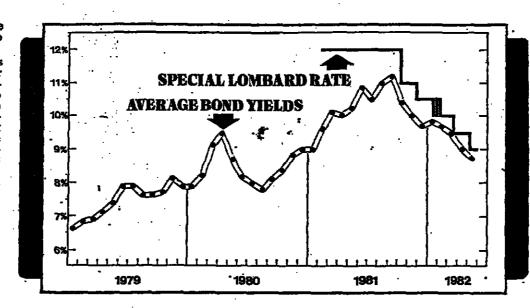
It is some comfort that the German current account is now headed for a surplus in 1982 and that inflation is failing The Bundesbank has been able to relax its monetary policy 9 per cent instead of the special." Lombard rate of 12 per cent which ruled during dat markets has co-incided most of 1981. In the process with a period of economic the threat of new losses on wakness in West Germany long-term bonds has been transmost of 1981. In the process formed into healthy profits and the banking sector, which is

economic success has for the most part been restored to satisfactory profitability.

With capital market rates back to between 81 and 9 per cent and the currency apparently stable around DM 2.30 to able to boast of some "decoupling," from U.S. interest rates. But the fact that the economy is still locked in recession, that capital spending is still falling-probably at a faster rate than last year—and that there appears to be no more room to ease monetary policy further in the face of these problems underlines the extent to which even under today's relatively favourable circumstances for the external value of the D-Mark, domestic ecommic affairs are still heavily influenced by international developments. This mterdependence has been -and remains—one of the factors forcing bankers in particular to adopt new business strategies at home and abroad.

at home bankers around the country are vowing that never again will they speculate to the extent they did in the mid-1970s on the swings in the domestic interest rate cycle. Many banks then, partly under pressure of competition the from the fast growing Landesbanks but also in pursuit of size, took on billions of marks of fixed interest long-term loans, hoping to finance them later on short-term rates at widening spreads as interest rates fell. Instead rates rose to unexpected peaks, with short rates between 1979 and the present consistently higher than long rates, forcing those banks which had taken the plunge to accept losses.

the mismatched portfolio was over DM 20bn for Dresdner unged into a DM 30hn deficit crucial to West Germany's Bank and Westdeutsche Lands-



bank over DM 10bn. The burden may have been less for other banks, including some of the larger savings banks, but the shock of just how sadly wrong experienced banking executives can go has left its mark.

It is not just domestically, however, that some of the comfortable assumptions on which the German banks have operated have been overturned. Of all the world's banks, the

West German institutions have been the most heavily committed in Eastern Europe, In part this commitment reflected the willingness, even enthusiasm, of some banks to support the policies of detente through financing trade. Since this trade also benefited their German customers there was even more reason to undertake the business. And many of the banks made their loans on the that a Soviet assumption "umbrella" would ensure that borrowers always East Bloc

blown away by the Polish crisis. Events in Poland, before then their Luxembourg subsidiaries events in Iran and now the Falklands crisis have combined to make German bankers much more sceptical of their country's lending policies. They remain conscious of their vital role as financiers of German exports but are convinced that to fulfil this role and take the risks associated with it more profit and a thicker equity capital base are essential.

- It is increasingly the role of profit which is taking the centre stage in the surategies of German bankers. Alongside the shocks of the past two years a major reason for this is the changes in German banking law which are planned for assessing the capital adequacy of the

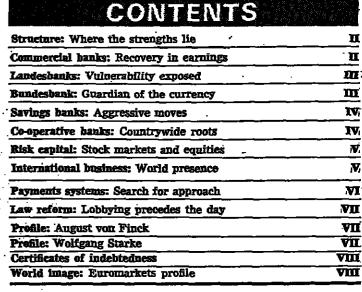
The Banking Law at present puts a limit of 18 times capital on the volume of loans which decade it has been a limit more

honoured in the breach than in the observance. but also through domestic subsidiaries which are not consolidated, the German banks have been able to avoid this restriction completely. They have also been able to avoid it by lending to the Government and local authorities — lending which does not have to be backed by equity.

Foundations

That loophole will remain. But already the Bundesbank and the Federal Banking Office have, through an informal agreement, begun to lay the foundations for a fundamental reform of German banking law which will force the banks to draw up accounts on a nationally and internationally consolidated basis to which the traditional banking laws will be

The Landesbanks had origi- which are already on their in the past decade.



nally stayed outside this books 'gentleman's agreement" savings banks, which are conducting a separate campaign for of equity capital which helps special treatment under any to explain the increasing

too now are to supply the banking authorities with the information about their consolidated balance sheets which will eventually become the basis for the reform of the banking law. When that reform will take however, remains un-

timing of legislative action, however, the banks are clear that in the future they will have to back their business with more capital. For most of them that means that they will internally, which in turn means ensuring that they concentrate their lending on those markets where profits are best and try

It is this consciousness of the importance of profits as a source in lending at low margins in the international markets. It explains too why the German banks are putting increasing emphasis on services as a source of income. Fee-earning business, as opposed to lending, does not have to be backed by legally established and binding

German commercial banks in particular are very strongly placed as commission earners. 1980s will be to see whether the big German banks can expand from this domestic base and repeat in their fee-earning business the success they had as lenders in international markets

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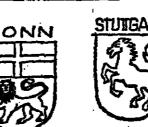














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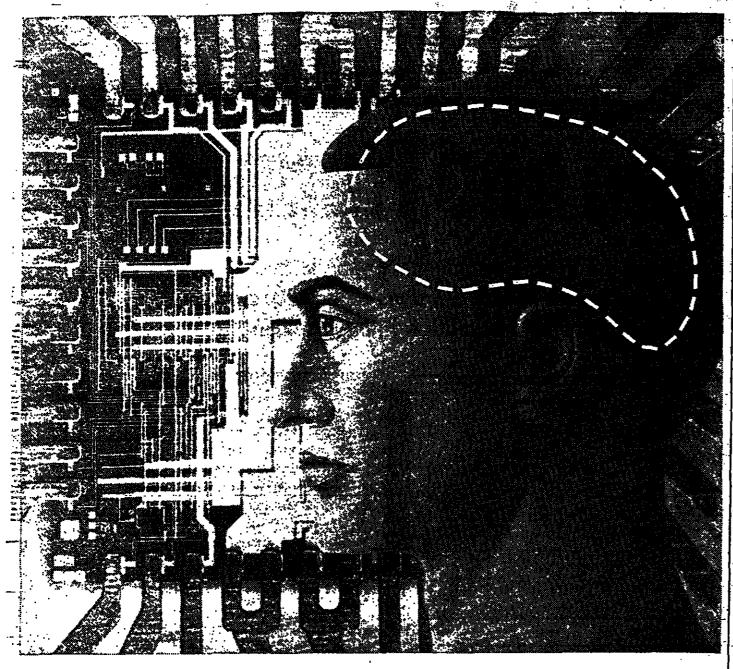
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BfG:Group Consolidated Balance Sh	neet Figures
	1981
((in billion DM)
Total Assets	<i>57.55</i> 1
Customer's Deposits	25.066
Loans to Customers Outstanding	33.464
Capital and Reserves	1.682

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Highlights from the Balance Sheet as at December 31,1981

Assets	DM million	Liabilities	DM million	
Cash Reserves and Balance	ces	Banking Liabilities	44,210	
with Banks	2,252	Promissory notes	1,100	
Securities	224	Bonds	2,713	
Loans	47,609	Provisions	134	
Participations	153	Capital	1,000	
Real estates and buildings	22	Reserves	1,324	
Unpaid Capital	850	Loans on a trust basis	9,672	
Loans on a trust basis	9,672	Other Liabilities	1,190	
Other Assets	561	J		
Total Assets	61,343	Total Liabilities	61,343	

We shall be pleased to send you on request a copy of the Annual Report for 1981 together with a summary of Kreditanstalt's activities.



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عكذا من المصل

WEST GERMAN BANKING AND FINANCE II

West Germany's banking system is a complex of commercial, private, co-operative and public institutions. Stewart Fleming reports on this and the following two pages on events of the past year and the shifts taking place in the competitive balance.

Where the strengths lie

ALTHOUGH THE West German banking industry is widely recognised as one of the most ouly Switzerland boasting a denser bank branch network per head of the population, the German banking groups have traditionally each had their special strengths.

The commercial banks, example, have historically been the dominant lenders to the corporate sector. The Landes-banks, partly because directly and indirectly their owners are local authorities and states, have ing to the public sector. The savings and the co-operative banks, with their dense network of branches and local ties, have dominated the retail banking

Increasingly in recent years. however, the search for new opportunities expansion brought the various banking groups into more intense competition, although not always with the results originally intended. Thus, even today some are regretting deeply their decisions to chase aggressively after the market for medium and longer term fixed interest loans for central and local government

The impact which these tradi-

tional strengths can have on the profits performance of the individual banking groups has been heavily underlined during he past two years of soaring much of 1981 the hig commer-cial banks (with one or two notable exceptions such as Deutsche Bank and Bayerische Vereinsbank) were struggling to maintain profitability in the face of sharp increases in interest rates, weakening corporate credit demand at home the high cost of money and the in order to defend market and narrowing profit margins persistently

THE SYSTEM AND ITS SECTORS (DM bn) of offices Commercial banks 578 of which big banks* Landesbanks Savings banks Co-operatives Mortgage banks Branches of foreign banks Big banks are Deutsche Bank, Dresdner Bank, Commerzbank and their West Berlin subsidia

banks and the co-operative

explantion of the profit- various ability of these two groups lies strongly entrenched in stantial international activities -although there are exceptions to this general rule particularly in the case of one or two of the larger savings banks. In addition, however, both banking groups profited from their strong position in the retail banking market.

As consumer credit interest ates rose to between 16 and 19 per cent in the course of the year the fact that both the savings and co-operative banks the market for cheap sight and savings deposits, costing from almost nothing to between 5 and 7 per cent, meant that they were able to enjoy steadily widening interest margins.

In contrast the Landesbanks. with virtually no retail business and heavily dependent on wholesale funds to finance their lending and their bond portfolios, continued to suffer from

interest rates began to fall late cial banks taking a much more

banking groups

should not be exaggerated how-The growing market share of the co-operative banking sector presents a major competitive challenge to the other banking groups, particularly in the consumer market.
All the major banking groups are these days putting great emphasis on trying to expand their business with the medium sized company sector or Mittelstand, a segment of the

market where the banks see exceptional growth opportunicreased lending but also of providing financial advice and other banking services.

In the retail sector too the ing" and the increased attrac-tion of the private customer as a source of deposits at a time of high interest rates are recreased attention to this market inverse interest shares and realise cost savings.

Indeed, with the big en nical change and with the prodemand economy finally begins to pull itself out of recession, there are grounds for believing that the domestic banking marketbe the focus of much more attention and competition in the

early 1980s. The tables which acco succeeding articles various sectors need to be treated with some care as fitin banks do not report on a dos solidated basis the activities of subsidiaries branches will be include increasingly serving domestic corporate cu with loans from the Euro the importance of the foreign

Dramatic recovery in earnings

profits melt away and some of the major banks forced to cutor, as in the case of Commerabank, forgo-their dividends, the final months of 1981 brought not just relief but a dramatic recovery in earnings which has carried on into this year.-

Half-way through last year such an outcome seemed improbable. With the surge in interest rates following the Bundesbank's drastic steps to defend the D-mark in February, and with a shadow hanging over much of the banks' international operations, there were fears that 1981 was going to prove as bad as, or possibly even worse than 1980 in terms of earnings.

rates threatened the commercial banks with even bigger write offs on their securities portfolios than in 1981. Moreover, although the banks had reacted quickly by hoisting interest rates to their customers sharply following the February tightening of monetary policy. credit demand was weakening and funding costs were up sharply too. At best it seemed the year might bring some modest widening of lending margins which would help off-set the other problems.

In October, however, the pic-was still unable to report a ture began to brighten remark profit in its parent bank. ably. In response to the startling while Dresdner Bank, also recovery in the German current account and the strengthening matched loan portfolio as well of the D-mark against not just as close to DM100m of gold other European currencies but trading losses, again had to cut slowly too against the dollar, its dividend the Bundesbank began to ease short-term interest rates, which pulled long-term rates down in

By the end of the year the threat of further heavy write-offs on fixed interest securities had disappeared. Instead the banks—with varying degrees of success depending on how the experience of the past two years ad encouraged or triscouraged interest rate speculation—were seeing healthy profits on their bond trading portfolios and increasingly looking forward as well to swelling hidden reserves terest securities in their port-

	*			- 49		
	1976	1977	1978	1979	1980	1981
٠.	33.6	33.0	32.2	31.3	31.3	30.4
	28.9	27.2	26.6	25.7	23.5	22.3
	9.4	11.0	11.9	13.2	13.2	12.81
		Sou	rce: Sav	ings Ban	ks Assoc	iation.
		33.6 28.9 9.4	33.6 33.0 28.9 27.2 9.4 11.0	33.6 33.0 32.2 28.9 27.2 26.6 9.4 11.0 11.9	33.6 33.9 32.2 31.3 28.9 27.2 26.6 25.7 9.4 11.0 11.9 13.2	33.6 33.9 32.2 31.3 31.3 28.9 27.2 26.6 25.7 23.5 9.4 11.0 11.9 13.2 13.2

Commercial Banks — Domestic Market Shares

pace at which they reduced their lending rates to their customers—a policy which brought some veiled rebukes from the very substantially Meanwhile, the income the banks were earning from advising and trading for their customers were boosting their commission earnings.

At the same time the leisurely

Commercial banks

all banks were course, profiting from these favourable trends to an equal extent. Commerzbank, burdened with some DM 20on of fixed interest loans from the past which were not profitable. burdened with a big mis-

national national borrowers, particu-larly Poland, were forcing the banks to put aside large loan loss provisions (this burden will drag on for many banks). At home the bankruptcy wave was making its impact felt on the profit and loss account, alongside the continued write-

meant that the banks have been able to burden their profit and loss accounts with loan loss provisions to the extent that their profitability has mitted. Deutsche Bank,

example, which emerged as the most consistently profitable of the commer-DM 1.2bn to its published loan loss reserves and still boosted Bundesbank-meant that lend- its net income by over a fifth. ing margins began to improve Less profitable banks are having to spread out their provisions against increased risks over coming years.

> It is clear, too, however, that the banks are taking whatever opportunities they can to boost their equity capital base. Deutsche Bank's decision not to raise its dividend despite such a strong earnings gain, as well its generous provisions policy, was one sign of this. Another was Dresdner Bank's decision again to cut its divi-

Despite the past two years of profit problems there is no doubt that the commercial banks remain by far the most powerful single banking group in the Federal Republic. No other sector can truly claim universal banking status in the way the commercial banks can. They have a powerful position

the retail market both in lending to individuals and in taking—although, as with the other banking groups. high interest rates have made their depositors much more yield-conscious and thus made the management of the retail deposit base more complex. Competition by the way means not just competition with other banks. It also means increased tension within the individual banks themselves downs for AEG-Telefunken between the banking division The flexibility of German and the department responsible regulatory requirements has for advising clients to switch their savings into high interest securities issued by other borrowers such as the Govern-

ment or even rival mortgage

berships and shareholdings (even if a few of the banks have had to reduce these stakes here and there to boost profitability) help reinforce their position. Despite resources banks boast as a group, however, one of the legacies of the domestic and international problems they have faced in

the past two years — and

continue to face - is that they

remain the dominant force

Their position has been rein

forced by the ready access they

can offer their bigger German

customers to cheaper Euroman

ket finance as well as by their

strong international operations.

panies have had to concentrate

increasingly on exports to keep

up capacity utilisation during

the domestic recession the in-

ternational advisory and financ-

ing capacity of the commercial banks has been an invaluable

marketing aid. Their traditional ties with the corporate sector

through supervisory board mem-

At a time when German com-

are no longer the homogenous group they once were: Deutsche Bank has strongly reinforced its position in the past two years against its big rivals Dresdner Bank and Commerzbank, both of which have sharply declining Bayerische Vereins suffered profits. bank is challenging Commerz bank hard and expanding its domestic nationally.

Although it is clear that all the German banks are putting much more emphass on profitability and paying much more attention to renerating more equity internally through retained profits, those that have weathered the storms of the past two years best will he able to be more aggrepursuit of new business than

				-
				-
COMMERCIAL	BANKS	PERFURMA	NCF 100	4 .
				9

- banks.

In the field

Deutsche Bank	Group assets (DM bn) 196.4	on year +10.0	Parent bank assets (DM bn) 114.5	Per cent surplus change (parent bank) on year (DM bn) +16.0 . 3.4	Per cent change on year +31.4	Net income (parent bank) (DM m) 242.0	од уезг	Divilent (M)
Dresdner Bank	170.0	+ 6.7†	79.6	+ 5.0 1.7	+14.5	139.0	+19.0	10 (10)
Commerzbank	101.3	+ 1.3	64.3	- 0.6 1.1	+14.6	NII	Nil	4 (6)
Bayerische Vereinsbank	98.3	+ 6.4	56.5	+ 7.8 0.9	+16.1	101.9	+10.0	All State
Bayerische Hypo	89,2	+16.0	60.1	+ 5.8 0.9	+11.0	81.8		· . 9 - (9) . ·
				Business volume.		02.0	+27.0	7.50 (7)

out Since Co

7 to 1 50 18

Bundesbank

which ruled on February 19 last year. It was then that the dramatic decision was taken to introduce a "special Lombard" at 12 per cent, a move which within a couple of months helped to push up interest rates right across the maturity spectrum by around three percentage points.

window, the Bundesbank (the

dented period of monetary re-

straint in the Federal Republic

For over two years, begin-ring late in 1979, the German

central bank bad pursued a main-

taining the domestic and inter-

national stability of the German

currency in the face of, for the

Federal Republic, the unpre-

cedented challenges of a soaring current account deficit, rising inflation and strate-

spheric American interest rates.

By the beginning of May it was becoming increasingly clear hat the central bank's rigorous

and persistent defence of the

value of the currency was likely o achieve its objectives.

ecognises that there could fill be some potentially

reacherous currents ahead was

emonstrated by its decision to eg the normal Lombard rate

the same 9 per cent level

is now approaching.

compared with the 91 per cent enabled the German authorities special Lombard which it to achieve some "de-coupling' replaced, means that short-term from U.S. interest rates which interest rates are still at levels has allowed them steadily to which cannot be described as ease German interest rates from heralding a period of easy money. Short-term funds are last year. costing businessmen and consumers 12 to 15 per cent. More- when the Bundesbank cut the month studiously avoided first time from 12 per cent to 11 taking the step which many per cent. That move took place bankers wanted, namely a cut barely six weeks after the

Such rates are, however, a markets as low as DM 2.50 long way down from the 15 to against the dellar. In subse-19 per cent which short-term quent months the central bank funds were costing in the

middle of last year. The Bundesbank began cautiously to tighten its monetary policy late in 1979 in response to fears that the economy might begin to overheat unless action was taken to rein it in. But it was not until a year later, after the central bank had (as it turned) out) falsely signalled a shift towards cheaper credit in September of 1980, that the domestic and international crisis has also enhanced the which eventually forced it to reputation of the central bank's abruptly alter course began to

gather bace. It was in part this false step, interpreted in the financial markets as a sign that the German authorities were underestimating the challenge they faced, which began to erode confidence in the German currency. Underlying economic developments were, however,

pointing in the same direction. By late 1980 it was clear that The central bank's critics the German economy was plung continue to argue that it is ing towards a world record moving too cautiously in view current account deficit of of the weakness of the domestic DM 30bn and that inflation, economy and the urgent need to although easing from its early halt the slump in capital summer levels of 6 per cent, was investment spending which has showing no signs of abating gathered pace this year. Thus Political pressures too were although the Bundesbank has working against the German made major strides in helping currency. The mounting crisis to ease the Federal Republic's in Poland coupled with the external economic problems the election of Ronald Reagan as challenges of unemployment American President were both and the need to improve the working in the direction of underlying competitive capacity attracting funds into the dollar of the economy remain. These and persistent high U.S. interest are problems over which the rates were reinforcing the central bank's influence is much

"AFTER THE problems of the savings banks and the Lande past few years I would agree banks. "They have no function that one of our main jobs is which could not be done just to improve our image and make as easily by one of the other

sure we avoid major paralls in banking groups," wa the future" was how one board harsh judgment passed, member of a leading Landes At root the Landesbar member of a leading Landes-bank recently described part of the challenge facing this sector, savings banks and as house Just how big a challenge that promises to be can be seen from local authorities in the regions the comment below by a board where they operate. In the early member of a major savings 1970s attempts to break out of DM 600m by digging deep into the interest rate landscape bank. The savings banks are this mould led by Westdentsche hidden reserves in order to which has occurred in the past nominally part of the same Landesbank, led to one disaster avoid declaring a massive loss. two years, with the German publicly-owned segment of the after another among most of German banking industry. Both the leading Landesbanks, only belong to the public, not the Bayerische Landesbank private; sector of the economy, succeeded in avoiding trouble.

with savings banks generally The high interest rate period of the past two years and the figuring among the owners of the regional Landesbank But particular structure and there is not much love lost functions of the Landesbanks there is not much love lost between some of the bigger have led to yet another critical

Cautious guardian of the currency WITH ITS decision on May 6 It was against this backlast to abandon the "special ground, with funds pouring out Lombard" system of providing of the D-Mark and the currency short-term credit to the banking plunging from around DM 1.80 system, and to re-open the to the dollar to over DM 2.20

Lombard credit and weak against other Euro-the Bundesbank (the pean currencies, that the cencentral bank) signalled that it tral bank in February of last believes the end of an unprece- year finally moved aggressively to defend the currency. The results of the decision to et a "special Lombard" rate of 12 per cent without any guarantee that funds would always be available at this level as the banks required became increasingly apparent as last

The German economy, which was already slowing, has found itself locked in a period of stagnation. Real economic growth petered out in 1981 and unemployment doubled almost 2m between the end of 1980 and the beginning of 1982. The overall economic perform ance masked a marked divergence between the development of the domestic economy, where real output declined by over That the central bank itself 2 per cent, and the export sector

which has enjoyed boom condi-This combination was just what the Bundesbank needed for it damped down import demand while exports, helped by the weakness of the D-Mark against the dollar, surged. The current account deficit began to improve dramatically during 1981 falling from DM 30bn to DM 17bn. In the current year a current account surplus is confidently

At the same time inflation, which peaked at an annual rate of 6.7 per cent in October of last year is widely expected to fall to 4 per cent by the end of

A declining current account deficit, falling inflation and increasing scepticism in the international financial markets about ercentage points. the economic policies of the A 9 per cent Lombard rate, Reagan Administration have the peaks seen in the middle of

The process began in October 'special Lombard" rate for the barely six weeks after the in minimum reserve require- German currency had been quoted on the foreign exchange has steadily encouraged German rates down, "fine tuning" the domestic credit markets while successfully avoiding too rapid a relaxation of monetary policy which could have resulted in setbacks on both the international currency markets as well

as the domestic credit markets. The central bank's performance has underpinned its reputation in the international financial markets for independence and sound judgment. It president, Herr Karl-Otto Pohl, who came into office at the beginning of 1980 amid suspicious that his ties with the Social Democratic Party might lead the Bundesbank in the direction of making too many political compromises. These fears have been laid to rest by the central bank's determined pursuit of policies aimed at stabilising the value of the

D-mark.

less pronounced, however.

Landesbanks

High interest rates expose

sector's weaknesses

phase for the sector. Worst hit. of course, was .Westdeutsche promised to put in fully DM 1.6m of new equity capital so as to provide a basis for further expansion after the

problems of the past. West LB's biggest problem was one shared by Dresdoer Bank and Commerzbank, especially in the private sector. In the late 1970s it had invested in long-term loans at 7 and 8 per-cent and found itself financing them in 1980 and 1981 with short-term funds costing

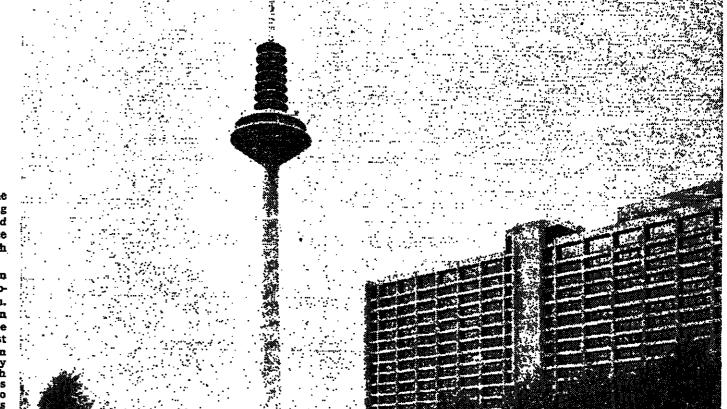
at times over 12 per cent. Landesbanks, without a cheap deposit base and acting essentially as issuing houses operating on paper thin margins, were particularly vulnerable to the unexpected period of high rates-and particularly because of higher short-term than long-term rates. Even Hessische Landesbank. which had followed a very cautious policy and tried to avoid the mismatching of assets and liabilities through which the Landesbanks had made

falling interest rates in the past, could not avoid suffering from last year's unexpected surge in short rates. Bayerishce Landesbank too had a tough

The sharp fall in rates in the past few months has sub-Landesbank, which last year stantially eased the problem. had to sell assets worth over But the fundamental change in DM 600m by digging deep into the interest rate landscape two years, with the German The bank's owners have interest rate cycle apparently headed into a period of much less predictability and perhaps even volatility, promises to make life hard for Landesbanks

in the future too. They are countering the problem by paying much more attention to liability manage-ment, a solution which may avoid huge losses on mismatching but does nothing to solve the underlying problem of nar-row margins and the lack of a broad business base in, for example, retail banking or the close ties which the commercial banks have with the corporate

sector. Some of the bigger commercial banks which have suffered in the past two years from their long-term fixed interest lending are hinting that this part of the corporate financing market is something they will happily future. But for the Landesbanks to play a big role here will require healthy injections of new equity capital to support the Landesbanks had made volume growth—and capital their best profits in a period of promises to be in short supply.



and the television tower at Ginnheim

LANDESBANKS-	-DOMESTIC	C MAI	RK ET	SHAI	RE	
(per cent)						
	1976	1977	1978	1979	1980	1981
Loans to companies and self-employed	15.5	15.4	15.0	14.3	14.3	14.1
Loans to private individuals	1.7	1.7	1.1	1.1	1.7	1.9
Housing loans	14.4	13.7	13.1	12.3	11.7	11.4

THREE LARGEST LANDESBANKS IN 1981

† Affected by change in statistical basis.

	Total assets (DM bn)	Per cent change on year	Operating profit (DM m)	Per cent change on year	Interest surplus (DM m)	Per cent change on year	Net profit (DM m)	Per cent change on year
Westdeutsche	124.2	+8.0	726÷	+79.0	653	-14.2	71	+16.0
Bayerische	- 90.8	+7.5	289	-14.1	514	- 1.8	114	- 1.5
Hessische	59.1	+8.5	40	-60.0	180	- 2.0	45	-30.0

WestLB

Source: Savings Banks Association.

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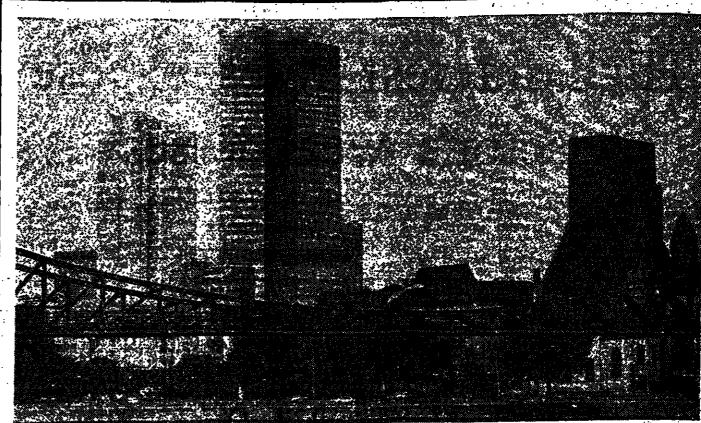
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WEST GERMAN BANKING AND FINANCE IV



River Main skyline. Left to right: Dresdner Bank, BfG (Bank fur Gemeinwirtschaft) and Commerzbank

Aggressive moves to defend market strongpoints

how one leading savings banker described the business strategy of the savings banks, the second most powerful banking group in

He might have added that tactically the savings banks have decided that the best form of defence is attack, for they are certainly not walting to find out where their competitors will strike next. Instead they are out pursuing their own initiatives and hoping to keep their rivals off balance.

In the field of electronic banking for example, they have moved ahead aggressively and will by the end of the year have around 700 cash dispensers in operation, far more than any of their rivals. All of them can be operated by the ubiquitous "Eurochequecard" which will be the foundation of the German banking industry's paperless payments system of the future.

Symbolically too the savings banks have been making the point that in the market where they are the strongest force. the retail or consumer banking sector, they are no longer prepared to tag along as second fiddle to the former pace-maker Dr Eckart van Hooven of Deutsche Bank, the man whose vision and energy have helped to pull both Germany's and Europe's retail bankers closer

together.
Thus in the field of payments

Loans to companies and self-employed

† Affected by change in statistical basis.

Loans to private individuals

in the field of travellers' cheques with American Express. And it is Herr Wolfgang Starke, general manager of the Savings Banks Association in Bonn, who is slated to become chairman of the new Common Payment Systems Company embracing the major banking groups in the retail banking market.

But perhaps the most contro versial move, and one openly opposed not only by the rival banking sectors but also by the bank regulators, is the suggestion that savings banks should be allowed to count the guarantee from their owner, the local governments in the areas where they operate, as equity capital to the extent of 20 per cent. This move, which is being pursued in Bonn, would increase the savings' banks lending capacity under German banking law by perhaps DM 70bn to DM 80bn, a change which could tilt the competitive balance in the savings banks'

The arguments the savings savings banks suffer from their basic structure and also to compensate for inequalities resulting from the corporation tax system and in comparison with the co-operative banks.

SAVINGS BANKS—DOMESTIC MARKET SHARE

32.0

systems the savings banks that because they pay no divi-destroyed part of Dr van dends the two-tier corporation that because they are local authority owned, and local authorities in Germany are stretched for cash these days, they are dependent on retained

Savings banks

capital and cannot go to share-holders for funds like the commercial banks; and they draw attention to the restrictions they suffer in terms of having to back their loans with collateral and in terms of being unable to provide full interbanking national foreign including operations.

In theory the latter services are provided by the Landesbanks, which are part owned by the savings banks. In practice the relationships between the banks put up to support their savings banks and Landesbanks case include the need to com- are so often strained that pensate for disadvantages the co-operation is but a distant

Pity for the predicament of the savings banks has its bounds, however. At least on the Bundesbank figures they he co-operative banks. have been increasing their They point out, for example, market shares in most of the

21.9

37.2

28.7

22.5

37.5

27.5+

20.7

36.1

28.4

Source: Savings Banks Association.

the private market. They have also weathere

the recent period of high

the co-operative banks 1981 for the savings banks er cent of total assets to per cent for example, reflect the advantages of the domin position of the savings ban in the market for cheap sarius deposits and the high lendig

The period of high inter-

rates and the growing inters rate consciousness amog ing to the savings banks that saw victually no growth in. cheap savings deposits; he modest increase that there vas was due to the accumulation of interest payments on existing deposits not new savings. With all banks paying more attention to liquidity management competition for cheap deposits

Overall, however, with owner ship of around 40 per cent of the banking offices in the Federal Republic and with over half the Eurocheque cards issued by savings banks they are well placed to maintain their dominant position in their traditional retail banking market.

Holding their own in the market for corporate business now that the big commercial banks have set their hearts on winning a bigger share of the" medium-sized company market promises to be a much tougher

Countrywide roots prove source of dynamic growth

34.0 .

35.4

27.9

some 4,000 individual banks emerged as the most dynamic banking group in West Germany. This is the co-operative

With their roots back in the 'self-help " societies of the last century, the co-operative banks have a long history, but it is only in the post-war period, and particularly since the merger of the two co-operative banking associations, the Volksbanken and the Raiffeisenbanken, that the co-operative banks have their advantages and increase their market share, at the expense especially of the savings

Thus today the co-operative canks can claim a market share of the Federal Republic's banking sector of around fifteen per cent (DM386bn) measured in terms of total assets. This com-pares with around 8 per cent in 1971, when the balance sheet was DM22bn.

One of the clues to the growth of the co-operative banks is the number of branches they have. With almost 20,000 offices and branches throughout the country they are by far the strongest bank-

The number of offices the co-operative banks operate is one of the factors which gives tomers which probably other banking group can match, for alongside the branch network is the added factor that each of the 4,000 independent credit co-operatives is owned by its members and has a supervisory board made up of the membership. In the past

A LOOSELY bound network of 20 years the membership of conditions, co-operatives doubled from 4m to 9m. This membership is original source of the banks'

equity capital, and here lies one of the contentious issues of the day. For in addition to paying in capital the member guarantees to meet a call for new capital up to a certain level should the credit co-operative get into difficulties. A propor-tion of this uncalled capital is, under German banking law. counted under the regulations

Co-operative banks

setting out how big a loan book a bank can have as a multiple of its equity—a concession the savings banks say gives the credit co-operatives an unfair advantage.

In the mid-1970s it was agreed that the credit co-operatives could expand their business to non-members and that too has helped their growth. But along-side the nearness to their customers and the ability therefore to make quick decisions and adjust rapidly to market

has banking sector has also been expanding its range of services. Where a relatively small co-operative bank (the average assets of individual co-operatives is only around DM 70m) lacks the expertise to provide a service, other parts the co-operative sector will often be able to help.

As well as helping to manage the liquidity of the co-operative banks and the nine central institutions of the sector, the D-G Bank in Frankfurt, the central banking institution of the co-operative banking sector with assets of DM 65bn, has deve-loped into a universal bank itself, helping to provide inter-national banking services for

doubtedly contributed to the market strength of the cooperative banks is the improvement in management. In 1957 there were 11,795 individual co-operatives compared with the 4,000 of today. Mergers and greater emphasis on training and management have enabled the sector to work more effec-

sector was identified mostly with The substantial—15 per cent share of the total banking

market which the co-operative

sector has won should not however mislead the observer into thinking that the co-operative banks are as broadly based as their competitors. strength is undoubtedly in the personal lending market and in loans to the self-employed, including farmers. This has been a big advantage in recent years. The explanation for the 42 percent increase in the sector's-

operating earnings in 1980 at a time when most banks were national banking services for the co-ops. The co-operative movement also has its own their customer base. The co-operative banks have parkasse Schwähish Hall, and around a 25 per cent market share of cheap savings deposits that they lend their funds gener. suffering plunging profits and

ally short-term at floating interest rales - a structure which has brought fat profits during the high interest rate period of the past two years. One statistical point needs to be added, namely that the Bundesbank's figures for profitability abstract the DG Bank and the central banking institutions of tively. So too has the merger of the co-operative sector, which the two sectors, since initially have been labouring under the one segment of the co-operative burden of high interest rates.

CO-OPERATIVE BANKS-DOMESTIC MARKET SHARE

						•
	1976	1977	1978	1979	1980	1981
Loans to companies and self-employed	13.8	14.2	15.1	16.1	16.9	17.3
Loans to private individuals	22,1	22.6	23.5	24.2	24.3	24.5
Housing loans	10.4	11.1	11.8	12,5	13.1	13.21
† Affected by change in statistical basis.		Son	rce: Say	ines Ran	Es Asser	

Stock markets need to play bigger role in equity finance

were to come to accept the harrowness and low capacity of

stest annual report of the uncesbank the West German central bank, highlights one of the longest lasting problems facing the country's financial makets—namely, how can West. Geman stock exchanges become as dicient as the share markets of other major industrial

y comparison with most other leading industrialised ontries the West German sik exchanges play a minor re in supplying the risk gatal urgently needed by the porate sector, a fact reflected the dangerously low level of apanies' equity financing.

As the Bundesbank makes ar, the long apparent contracin of German enterprises' pital base and their inadequate otection against risks are binous developments. "It ist be emphasised that the arital obtained through the narket by issuing shares is not an adequate counterweight, to th low level of capital formed

pretaining profits." despite the ability of some Varta, the world's third largest

IT WOULD be very dangerous for failing domestic demand ing dividends too at Volkswagen March this year German share it does indeed indicate that the from a split economy, however, Korf Stahl, Volkswagen do little to overcome the basic the German banking industry through higher export business, and BMW, no dividend for the prices advanced by a healthy German equity market is able to with companies dependent Brazil, the Brazilian subsidiary weakness of the share markets and advanced by a healthy German equity market is able to with if the German banking industry through higher export business, and official capital market policy - corporate profitability generally has been under heavy pressure in the last two years, falling by 25 per cent in real terms. Prices his view stated bluntly in the in the share market were parin many sectors of the economy

> In recent weeks the stock markets have been surprised by of several illustrious names in some cuts in dividends which have resulted from last year's payments to shareholders. Of difficult traditions of the last of companies cutting payments to shareholders. Of difficult traditions of the last of companies cutting payments to shareholders. difficult trading conditions. For instance, Continental Gummi Werke, the country's leading producer, announced that it would have to omit a dividend payment altogether for 1981, after suffering a major fall in profits and barely breaking even last year. The lack of a dividend came as a particular disappointment after Continental had resumed

time in eight years. Brown Boveri, the electrical engineering group, Kali und Salz, the chemicals concern, and

It would be wrong to see a picture of unrelieved gloom, however, despite the inclusion the first 200 companies making dividend amountements for 1981, 129 held payments un-changed, 31 raised dividends and 40 were forced to reduce payments. Given the stubbornly continuing recession the picture might have been far bleaker.

In the first four months of this year the West German stock market has in (act mounted a strong rally—to the surprise of payments in 1980 for the first many observers—although it reone in eight years.

treated again into a period of months of this year in share
Other companies forced by quieter consolidation during the prices came all the more surdwindling profits to cut divi- past month. The index of the prisingly as German stocks ap-dends in recent weeks include Frankfurter Allgemeine Zeitung peared to be bucking the trends Pfaff, Horten, the country's reached a peak for the year in fourth largest stores group, early April of 239.45 compared markets. which has been hard hit by the with a low in mid-January of Hamburg decline in retail expenditure, 218.35. The market reached a West Ban

of 215.75.

second year running at Com- 7 per cent, bringing a new air

merzhank and a further cut at of confidence to the country's Dresdner Bank following the stock exchanges even though in dividend reduction of 1980, the a longer perspective there is misery of squeezed profit still much ground to make up ticularly depressed last year by margins has been spread over before historical peaks are the deterioration in profitability many sectors. scaled again. Share prices at their best this year have still

Risk capital

KEVIN DONE

been nearly 17 per cent lower than in the autumn of 1978, the highest point in the post-war period, and they were still 4 per cent below last year's high.

The recovery in the early peared to be bucking the trends of other major international According to the based Vereins - und West Bank the rally was "in peak last year in July of 243.47 striking contrast to the trend after a low in early February in certain other world markets. such as the U.S., Canada and despite the ability of some Varia, the world's third largest. In the space of seven weeks Japan, where prices have been ustrial sectors to compensate producer of batteries. With fall- from late January to early easing for quite some time, and

shrug off the international chiefly on domestic demand still of VW, and Metallgeselschaft, as a source of risk capital, how-consensus. Intervening periods suffering from falling or stag- while the state of Iran still has ever. As the Bundesbank points of consolidation apart, we expect nating sales and new orders, this trend to continue."

By the beginning of June share prices had fallen about 4 per cent below the early April peak, with nearly all sectors suffering setbacks, and it remains to be seen whether the loss of interest is only a temporary period of consolidation. or whether it forebodes a longer period of retrenchment.

The main reasons for the recent relative lack of enthusiasm appear to be an opsurge in profit-taking, international tenparticularly in the Falkland Islands and in the Middle East-and the continuing attractiveness of certain sectors of the bond market

More promising signs for the West German economy do not yet appear to be strong enough to support a sustained recovery in share prices, although factors such as falling interest rates, slowing growth in inflation and the dramatic improvement in the country's external position, with the virtual disappearance of the last two years' massive current account deficit, did help the rally in the spring.

The country is still suffering

while companies in strong export sectors have been able to compensate for falling domestic orders by selling more strongly

Last year, whenever there was a rally in the German stock markets, it was generally inspired year. by foreign investors, whose net mutual fund shares totalled some DM 2.2bn in 1981, or more than three times as much as in

abroad.

Interest has been particularly strong from certain key Middle already agreed to moderate East investors and there have been persistent rumours that assembled a holding of around 25 per cent in Hoechst. West Germany's largest chemicals company and the largest pharmaceuticals company in the

Interest in German equities from the Middle East in the early 1970s forced several companies to introduce limitations on voting rights. In the meantime Kuwait has built up significant interests in companies such as Daimler-Benz,

holdings in Krupp and Deutsche Babcock.

Foreign investors could be attracted in by the continuing relative weakness of the D-mark against the U.S. dollar and by the prospect of brighter corporate profits in the current

Cost pressures are visibly starting to abate, with import prices—not only for oil and oil-related products but also for other commodities - showing modest month-on-month only rises. The trades unions have wage settlements in most major sectors of the economy, below the rate of inflation, and borrow-ing costs are clearly on the

Earnings should at least be maintained after last year's steep fall, but it could well be that a more marked recovery will have to await a more general pick-up in the economy, which though promised for the second half of 1982, is still showing little sign of materialis-

Short-term railies in the West German equity markets will do

out: "In view of the mediumterm tasks ahead of it the German business community urgently needs an efficient market for risk capital. Every effort should be made to render the German share market so attractive to enterprises seeking capital and security buyers interested in equities that, in the long run, it will become as efficient as the share markets of other major industrial countries.

According to the West German central bank such measures should include the public limited company under company and tax law with the aim of making this form of organisation more attractive also to medium-sized and smaller firms. The banks too are called on to make it easier for enterprises to approach the stock exchange. It would be incorrect to assume that there is a lack of risk capital in Germany, says the Bundesbank, "but tax concessions and supposed or real advantages presented by other forms of organisation quite frequently direct such capital economically dubious channels.

Essential commitment to a world presence

WESTER AT THE end of 1974 the foreign or noise of West German banks yd a business volume of DM ibn, At the end of last year e le figure had risen to s just a partial indicator of the --- ---- German banks overseas—partial ousiness of the foreign suband any learn bourg where a large part rescheduling, the collapse of the Lerman banks' foreign major companies such as expansion has taken place free from the constraints of German 3 inking law.

No choose in my

arce

The tommitment of the Ger-an bluking industry abroad heavily concentrated, morever, on a relatively few major nstitutions—in the main fhe big commercial banks. Thus the avines banks, the single largest anking sector, must early out some time at the bank's annual the bulk of their foreign opera meeting this year explaining sons through the Landesbank why, after the bank had written amar, which they partly own, The co-% perative banking sector is de non-guaranteed Polish commithe DG Bank in Frankfurt, for vital for the major German services it can offer. Thus it is a relatively small

number of the biggest and most owerful banks commercial banks such as Deutsche Bank and Landesbanks such as West-leutsche Landesbank-which er at the flag carriers for the banking industry Bank for Deutsche rample, which as a group has of all assets of around DM 196bu. oncedest that around 40 per

it gives some idea of the importance of overseas operations to the bank.

After the crisis and alarms which have struck the interbecause the data exclude the national banking markets of the world in the past two yearsshocks such as the Polish debt Braniff and, the continuing problems of groups like International Harvester — it is no surprise that the shareholders of the big German banks no longer see the banks' foreign operations as the unmitigated

blessing they once seemed. Commerzbank's chief execu-tive Dr Walter Seipp spent off 10 per cent of its DM 600m international markets. Wilfried Guth, joint chief executive of Deutsche Bank and the

man responsible for the bulk of its international business, stressed to the bank's shareholders that despite its heavy international commitments the centre of its operations is and will remain West Germany. For banks of this size, as Dr Seipp pointed out; the world is have made and are making as their declining role in the paid to the North American and a single market. When com- abroad, especially in the most syndicated Eurocredit market Pacific Basin markets.

cent of its business volume and petitors from the U.S., the UK attractive markets such as the shows. The problems the Soviet earnings come from "foreign and Japan, for example, are U.S. business." The term is open to operating around the world T a dozen different definitions but and looking for customers too in the Federal Republic itself, the major German banks cannot afford to limit themselves and the range of services they offer just to their domestic market or they will risk losing part of that, too. Like other international banks they must also be in a position to tap the different international funding -centres-New York. Kong or London-and.

International business

ally at a time when major

STEWART FLEMING

multi-national companies are putting so much effort into foreign exchange business,

But above all the German mitted to international operations because of the heavy export orientation of German industry and because of the opportunities presented by the direct investments which their corporate customers at home

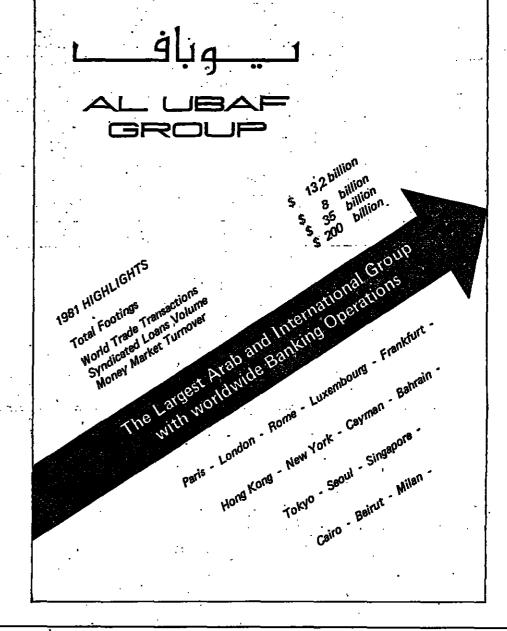
become painfully aware that too uncritical a pursuit of growth in foreign markets, even with the justification that they are carrying out their patriotic duty and supporting German exports, is foolhardy. Above all, the economic and political crisis in Poland and the repercussions in the rest of Eastern Europe have convinced many German bankers of the dangers when making lending decisions of relying too heavily on comforting theories and warm feelings of pride in serving both country and customer.

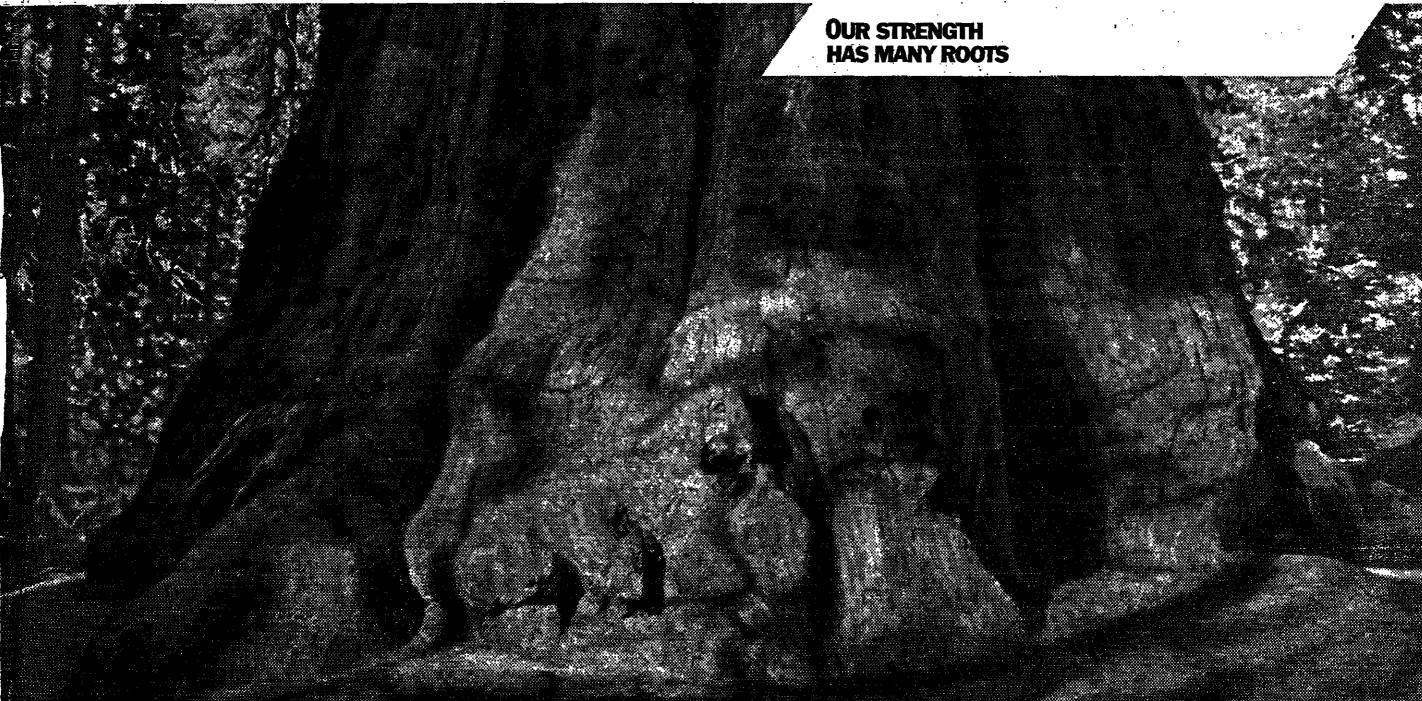
The German banks are, quite simply, disproportionately committed to the East Bloc, with, for example, one-fifth of Poland's debt on their books. The provisions which they are having to put aside against this risk will burden their profit and loss accounts for several years to come. This helps explain why German banks have cut lending, restricting it to shortterm trade finance through letters of credit, even though some of their industrial customers have been heavily depen-

dent on Fast Bloc trade. days of untrammelled growth in international markets are over for the German banks, Union has had and continues to have getting new credits from German banks and the switch in East Bloc lending to short-term financing are one sign of this. The fact, as a result of the Falklands crisis, that some German exporters are finding it hard to raise finance for exports

to Brazil, is another. In the background too, of course, is the fact that the banks themselves are expecting, as a result of proposed banking law reforms, soon to be required to back their foreign business with more capital. As the much increased loan loss provisions and write-offs in the German banks' balance sheets show, the banks themselves are much more aware of the need to have a thick equity capital cushion in order to cope with the added

risks in international markets. There is no question of the leading German banks pulling back from international markets On the contrary more and more of the smaller institutions are or strengthen them in order to finance their domestic customers. But there is a much more cautious assessment of result of the weak earnings of ent on Fast Bloc trade. the banks in the past two years
There is thus unanimity that and a much more careful judgment of where and how to expand abroad. In this respect even more attention is being





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Judy 10 per liquidity manager of a banking sound solutive vitem with consolidated assets expression of the solution of the

porate customers and public authori-

sound solutions for complex financial

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ties all over the world, providing country, providing access to a crosssection of the German economy.

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412291.



Progress Report 1981

Financial Highlights

December 31

Business Volume Balance sheet total

Total credit volume

Due from banks

Lending to banks

Short-term liabilities

Long-term liabilities

Capital and reserves

Bonds issued

COMMERZBANK 312

70-11 Austin Friers, London EC2P 2.ID, Tel.: 638 5895

Due from customers

Lending to customers

Helaba Frankfurt

Short-term assets

Long-term lending

Hessische Landesbank – Girozentrale –

Achievements

in a trying year

Head Office

1979

49,150

41,420

10,133

7,700

2,433

25,865

3,719

22,146

10,312

6,847

21,248

1.086

Junghofstrasse 18-26 D-6000 Frankfurt/Main

DM mil

45,542

11,806

7,683

4,123

27,466

4,192

23,274

13,447

22,354

1,151

7,262

1981

61,980

59,063

48,986

9,200 6,313

4,517

16,573

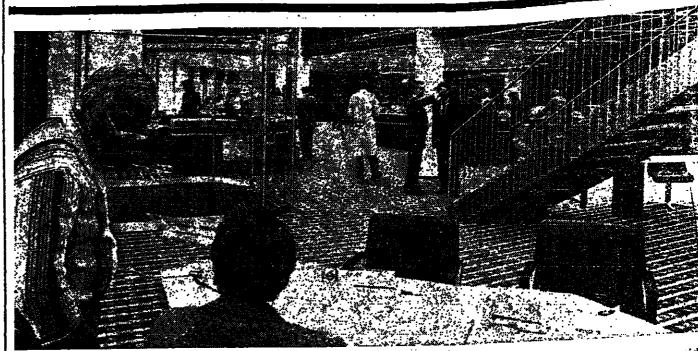
6,626

1,196

23,747

Tel.: (0611) 132-1 Tx.: 415 291-0

WEST GERMAN BANKING AND FINANCE VI



The main banking hall of the refurbished Dresdner Bank building in Bonn. The layout aims to provide customers with the best available service and advice.

Long struggle in search of a unified approach

German bankers on the need for a unified approach to the rapidly growing business of payment systems — cheques. travellers' cheques, plastic cards and the electronic trans-

اهكذا من الدُّعل

This agreement, however, exists only on the surface. The reality is that German savings banks, commercial and cooperative banks have achieved fragile consensus on the need to co-operate in developing a nationwide payments system

Behind the superficial agreements setting up a new Com-mon Payment Systems Com-consortium plan fell apart last pany is a history of struggle year when German banks failed and conflict among leading per sonalities in German retail banking.

What is at stake? The debate concerns the development of a mass card payment and cash dispenser system for German consumers, to be based upon the 15m Eurocheque guarantee cards in circulation. In addi tion there is the question of Eurocard, the upmarket travel and entertainment card which is Europe's answer to American

There is also the tangled question of 'travellers' cheques, with Amex and Thomas Cook working to lure different seg-ments of the German banking community into their networks. Beyond these exists a nearlyunanimous enmity toward Visa the U.S.-based payment system group which is seeking to penetrate the German market with Visa cards issued by a Bank of America office in Frankfurt.

Eurocheque is the successful multi-currency cheque fathered partly by Dr Eckart van Hooven of Deutsche Bank. Last year Germans travelled abroad and wrote more than DM 300m of Eurocheques in foreign currencies. But the system is paperbased and most bankers agree that in future paper systems will prove too costly and less efficient than the new electronic technology which is revolu-tionising retail banking around

the world. As a result, German bankers are planning to develop the 15m Eurocheque guarantee cards into a new system, a plastic cheque or debit card. The cards are being equipped with magnetic stripes which will enable them to be used in pointof-sale terminals in large department stores such as Hertie or Kaufhof.

Eventually, a customer will be able to use the Eurocheque card to make a purchase and the amount will be debited automatically from the bank account. The paper cheques will still be required, however,

The Eurocard is an upmarket piece of plastic, linked into the MasterCard International system of 3m merchant outlets around the world. This losslast year accounted for DM 1bn of sales turnover; there are nearly 200,000 cards in circula-

The Eurocheque and Eurocard are two of the three elements of a system which German bankers hoped to put together in a new Common Payment Systems Company. But a series of disagreements between the savings and commercial banks has forced the bankers to discard the idea of unity on travellers' cheques, the third

leg. The discord concerning travellers' cheques, although not of earthshaking financial import, illustrates the problems which face the German banking community in co-operating on payment systems. The trouble started a few years ago when Dr Eckart van Hooven of Deutsche Bank garnered support for a plan creating a Europe-wide bank consortium to be called Euro-Travellers which an bankers their Cheque International (ETCI). furt to Bonn can agree is their

AT FIRST glance there appears The idea was that ETCI would dislike of the Visa effort to to be agreement among West purchase Midland Bank's penetrate Germany. The main purchase Midland Bank's Thomas Cook subsidiary and form a new travellers' cheque system, ETC-Cook.

But American Express, the world market leader, succeeded in persuading the German sav-ings banks their travellers' cheque interests would be better served by linking with Amex in a non-exclusive three-year sales agreement. With more than 50 per cent of the private bank customers in West Germany, the savings banks proved a powerful force.

Because the German market was regarded as the most at-

> **Payments** systems

ALAN FRIEDMAN

to reach a consensus on travellers' cheques. A series of recriminations followed, but the apparent political outcome was a strengthened voice for Herr Wolfgang Starke, general manager of the savings banks, and a shrinking power base for Dr van Hooven and the commer-

Herr Starke will become company chairman with savings banks and commercial banks each taking a 40 per ceut stake and the co-operative banks owning 20 per cent. A DM50m capital injection is planned and the new company will consist of the merged Eurocard and Eurocheque systems, but no travellers' cheques.

Now the savings banks and the co-operative banks have de-cided to sell Amex cheques. Deutsche Bank, meanwhile, plans to sell Thomas Cook cheques which carry two additional symbols—those of ETC and of MasterCard. The search for a Cook-ETC cheque was fraught with so many difficulties that when the product was finally launched on a go it-alone basis by Cook it looked fairly confusing—three different symbols on one cheque

At Herr Starke's office in Bonn, the view of the savings banks on German bank cooperation was made clear: "We want to co-operate where we can, but if we don't like the proposals, as in the travellers cheque, we will go our own

way."
The savings banks have already decided to instal 700 cash dispensers by the end of this year, a much larger number than the commercial banks are planning. Cash dispensers reduce staff

costs, which is much needed by savings banks employing several cashiers per branch. Commercial banks have only one cashier per branch. Bankers close to the thinking of the savings banks suggest

that although every attempt will be made to co-operate on cash dispensers, cards and other matters, the concept of one payment system in West Germany may break down in future. There is some resentment among senior savings bank executives at the predominant position carved out by Dr van

In Frankfurt, Dr van Hoove sits back in his chair and smiles: "Starke is going with We are going Amex. Cook and there is a opinion among commercial banks in favour of Cook.'

The crucial point, says van Hooven, is "whether we can be united in the payments industry over a common instrument." His hopes for the Eurocheque card as such an instrument are high. Perhaps the one subject about

reason for this hostility is the view that Visa cards represent a non-bank instrument which is inflationary and could siphon off precious personal funds

from bank accounts. Visa has failed to secure any German bank as an issuer of its card, despite years of trying. Instead, a staff of 75 Bank of America employees in downtown Frankfurt try to sell the card through direct-mail campaigns. B of A claims 50,000 cards in

But Visa's biggest mistake was its attempt to issue the Bank of America-backed cards through BMW, the German auto manufacturer. The idea was to

Germany's top bankers pulled together on this matter and conducted a subtle campaign to Mr Haywood said he was conblock the BMW programme. As fident he could bring the B of A a result the BMW name will operation out of loss—there has not appear on the cards and the scheme looks likely to fade; at present there are only a few hundred cards out.

On only one occasion did a German banker extend an olive branch publicly to Visalast November Herr Starke approached Visa president Dee Hock at a conference in London and offered to double the number of merchants accepting the Visa card in Germany if Hock would agree to stop trying to issue the card through

German banks. Mr Hock refused, saying this would contradict Visa policy. Visa-Starke discussions did ensue, but Herr Starke says it was "very difficult to cooperate with Visa. They are very complicated people.
"We tried to come to system and the German banking system," explains Herr Starke We don't think that will be

Then, leaning forward and raising his voice, Herr Starke added: "I will say this to you on the record. This is my con viction: There is no possibility

of dealing with Visa." In Frankfurt, Dr van Hooven says he is not worried about the prospect of a Visa incursion.
The BMW programme did not

Mr Jim Haywood, B of A director of Visa (Germany) said there is "no question about with plastic cards which had would become more aggressive, both Visa and BMW on the but he wished to avoid "become front. German banks.

Although he is new to the job. operation out of loss—there has been a capital expenditure of more than \$2m over the past two years. "I'll be quite candid you. I haven't yet developed a strategy. mission is to make a profit and

develop The future of German payment systems thus looks to be a colourful one. It will be three to five years before a mass card system is developed and com petition can be expected to increase. The most vital question is how the savings banks make use of their newly exercised power visa-vis the other banks. The line between

co-operation and competition is

a thin one indee.

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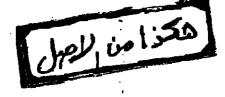
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WEST GERMAN BANKING AND FINANCE VII مكذا من العمل



Bank tower (Hessische Landesbank) and church towers justaposed in Frankfurt

PROFILE: AUGUST VON FINCK

Banker with a bent for brewing

HERR August von Finck, one Pacellistrasse in a Volkswagen of the richest men in West Beetle. If the truth be told he Germany, sat under a tree on his estate near Munich and explained how you make a really

and knowledge evidently based on long study of the topic, one point above all became clear. It was not simply that the recent acquisition by the von Fincks Ivia the family holding company Agricola Verwaltungsgesellschaft) of a 90 per centstake in Munich's Löwenbräu brewery made good financial sense. Löwenbräu after all owns a lot of property in Munich-West Germany's "secret capital" as it is often called. No, it was rather that Herr von Finck is fascinated by beer (the family already owns the Würzburger Hofbrau in Franconia), wants to turn out the best possible pro-duct and certainly has the money to indulge his hobby.

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How much money does he have? Is it "only" DM 4bn—the figure one generally hears—or more than DM 5bn (a suspect "tip" gleaned at a late iour in one of Herr Von Finck's own beer cellars)? For leading members of the private bank Merck, Finck and Co. (senior partner August von Finck) the question is not only somewhat embarrassing but almost

irrelevant What true value can one put, after all, on the 4,000 hectares (10,000 acres) of land in family ownership—much of it within half an hour's drive of the centre of Munich? If you could build flats or factories there the value would be astronomical. But construction is banned there by law—and even if it were not the von Fincks wouldn't like it, however much

cash it brought in.

The truth, confirmed by an evening at which both August, aged 52, and his brother Wilhelm, aged 54 were present, is that the von Fincks not only have a tradition of wealth. They also have a remarkably unostentations style which they gained from the father, August senior) who died in 1980 at

August (senior), who collec-ted supervisory board posts on enterprises of all descriptions Herr August discoursed on ather as other men might col-Ect stamps, used to arrive at the

would have preferred neither to come to the bank nor to sit on boards, but to stay on the land. ood beer. His passport gave his profes-As he talked with a passion sion(s) as "farmer and banker" -and his heart belonged to the

> Still, the duties he inherited from his father, Wilhelm, in 1924, could not be avoided. Wilhelm von Finck, who came from Hesse, was one of the legendary entrepreneurs of the second half of the 19th century, founding among other things the insurance companies Allianz Versicherung and Münchener Rückversicherung (the latter today thought to be the world's biggest reinsurance enterprise). The house of von Finck still

retains not only stakes in these concerns—and in the Hermes company specialising in export credit insurance—but in much else besides. For example, it has a share of 27 per cent in Hochtief, one of West Germany's top building companies, prises Didier and Linde, a por-tion of the utility company Isar-

Finck (business volume over DM3bu) is not compelled to disclose its profits-but even if it were the family would clearly feel it bad form to talk about the matter "In our business year 1981 we achieved a marked increase in the profis from our interest business," August von Finck remarked almost apolonual report last month. Then, brightening up, he noted that Herr Adolf Kracht, formerly Landesbank, had recently joined Merck, Finck—a most welcome development since for my brothers (there are three others) and myself there are, after all, only 24 hours in a

gathered in a room with stained glass windows and decorated with antlers, made a few ritual efforts to extract more about profits, then retreated into the garden. There, close to the von Finck family church, the as-sembled company dined until a late hour by candlelight while where you can eat well and inexpensively near Munich—and how you make really good beer!

PROFILE: WOLFGANG STARKE

Very much a man on the move

IF THERE is a new spring an Herr Wolfgang Starke's step it is probably because he is confident of his newly bund power to influence the inture of West German retail banking.

Herr Starke is general manager of the German Bank Association and very much a man on the Before joining the Bonn-based savings bank organisation in 1976, he spent 18 years with Commerzbank. At the age of 46 he is one of the most energetic participants in the continuing debate over German payment

observers the Increasing dominant position of the savings banks, compared to that of the commerial or co-operative banks, is bargely a result of the work of Herr Starke. He is credited with having helped to perlade the savings banks to ull out of plans to form a arope-wide consertium to purchase the Thomas Cook ravellers cheque business last year Instead, the savings

banks, with more than 50 per

customers in Germany, threw their weight behind American

The feathers are still flying in German banking circles and little love is lost between Herr Starke and some of his Frankfurl-based colleagues. But in political terms the savings banks are on top. With 600 hanks and 17,000

branches the savings banks are in a formidable position to influence the shape of the Common Payment Systems Company being formed Jointly by the savings, commercial and co-operative banks. As if to underscore this influence Herr Starke will be appointed chairman of the new company this

"We want an evolution, not a revolution," declared Herr Starke not long ago. With the backing of German savings banks he means to pursue an orderly schedule of retail banking developments. The style is deliberately low-key, but no one should mistake the reticence for lack of will, The authorities are set on reform of the Banking Law and in advance each sector has begun to plead its case

Much lobbying precedes day of reckoning

THE THREAT of legislative reserves), the implication of became insistent. Indeed in the growth and "artifically distort the structure of competition hangs heavily over the German banking industry.

Although the commercial banks, which feel that they could be the main losers from new legislative initiatives, have been able to take advantage of the Government's political problems in Bonn and postpone until at the earliest next year new laws, the pressures for a fundamental reform of the Banking Law

Both the regulatory agencies, the Federal Banking Office and the Bundesbank (the central bank) remain determined to press ahead with proposals aimed at requiring all banks to submit consolidated accounts against which the traditional for establishing capital and liquidity ratios will

At the same time, however the politically most powerful banking group, the savings banks, has been waging a spirited campaign in Bonn for a new regulation which would allow them to count the guarantees of their owners, the local authorities, as the equivalent of up to 20 per cent of their equity one of the measures according to which a bank can expand its the industry. lending (the maximum limit is that loans can be increased up to 18 times equity capital and

reform which could both cramp such a step would be a major the wake of the bank's failure expansion The 18 times rule is more complicated than it appears since, for example, loans to the German public sector do need to be backed with equity.

But other banking groups are estimating that a "Hoftungzuschlag" for the savings banks of this sort would increase their lending capacity by as much as DM 80bn. It is a prospect which does not appeal to the com-mercial banks or the cooperative banks (which already enjoy a similar but not identical privilege). The banking regulators are also against it.

When asked for their views about counting an owner's guarantee as if it were paid in equity they are apt to quote fondly former Finance Minister Hans Matthoffer's bon mot on the subject—" those who do not have money should not be in current political constellation there are few willing to predict that the savings banks' campaign will ultimately fail.

the savings banks is not the only aspect of the current debate over banking legislation which worries other sectors of

It was after me consider on reason (and all the Bankhaus Herstatt in 1974 that visible) public companies has demands for banking reform served to defuse this issue.

of the lending legislation was introduced aimed at plugging some of the most obvious loopholes—for example, in the regulation of

In the mid-1970s, however, the range of issues addressed by those seeking reform broadened to a more general critique of the power of the banking hidus-

Law reform

STEWART FLEMING

try, particularly the commercial banking sector as a whole. banks should be forced to cut their vast equity holdings in major German companies, disclose more fully how they vote on behalf of shares of their customers held in trust and further restrict their participation on the supervisory boards of companies.

The economic crisis of the past two years and the fact that because of their need to draw on hidden reserves to boost their earnings some of the big banks have in any case dis-posed of big stakes in the (and therefore most

suggests that rather than tions have subsidiaries in making wholesale disposals of stakes in industry the banks should in future simply be required to back such holdings

technical issues relating to bank regulation have come to the forefront. In the face of the evidence of mounting international lending risks — the catchwords Iran, Poland and Argentina on the one hand, and Braniff and Laker Airways on the other sum up the range of issues — the bank regulators have been pressing harder and harder for new laws. In part this pressure is a reflection of banks of the major industrial countries meeting under the auspices of the BIS in Basle that consolidated accounts are an essential foundation on which to base the regulation of an international bank.

reflects the long-standing con- 2.pro rata basis. cern of the German bank supervisors that bank regulation in West Germany has not only lagged behind the rapid growth try's international operations in the late 1960s and 1970s but that the banks have deliberately sidestepped this regulatory frameselves to expand so quickly. clearly anxious to see the Ger-Thus most of the big German man banking industry boost yet what action will be taken.

The latest draft legislation banks with international opera-Luxembourg outside the control and the restrictions of the German banking law.

In the middle of last year the commercial and co-operative banks agreed to submit statistical information but without names of borrowers on a con-solidated basis to the supervisors. It emerged that 17 of the 31 banks covered were not complying with the German banking regulations once the non-consolidated subsidiaries were brought in.

If non-consolidated domestic German subsidiaries such as partially owned mortgage banks are brought in, the degree to which some banks are overaccording eighteen times rule becomes more marked. Indeed there are even suggestions that a bank might prefer to reduce sharply its stake in a mortgage bank, and therefore the capital backing, rather than consolidate on

The over-commitment of one or two German banks to Poland or other East Bloc countries in particular provides one clue as to why the supervisors in Germany are anxious to have more detailed information about the lending of the institutions they oversee. In addition, however, the regulatory agencies are

significantly the equity capital supporting their business—one which must, because of export orientation or the German economy, continue to be internationally directed.

Behind the argument, how ever, hies the fundamental philosophy that the regulatory authorities are not there to make judgments over individual credits or country risks. That is what the management is paid for in the eyes of the super-visors. There is clearly less need for supervisors to be tempted into this role if they are confident that the banks are just adequately but supplied capital.

capital base and fuller dis-closure of information on lending leaves aside, another area which has worried the regulators, and rightly so, namely the issue of maturity transformation. The cost of liquidity and the mismatching of long-term loans and shortterm funds has been the source of heavy losses for German banks in the past two years. The banks themselves have learned from this painful experience. The regulators, how-ever, are evidently addressing the issue of whether they can draw up guidelines which would set limits to the extent to which banks could enter into this sort

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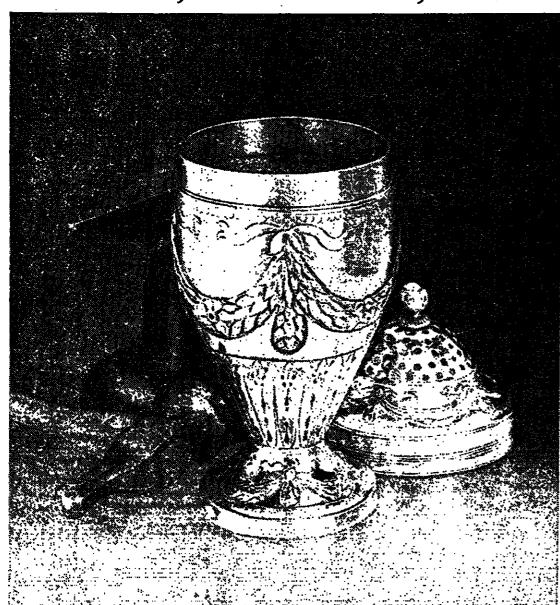
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WEST GERMAN BANKING AND FINANCE VIII

What amount to commercial IOUs have become a popular means of finance in West Germany. These "certificates of indebtedness"—or Schuldscheindarlehen in German — are free of the normal statutory restraints and therein lies their attraction for borrowers

Appeal of a loan channel free of supervision

organised market, no legal definition and therefore no detailed statistics, but Schuldtranslated as "certificates of against borrowers' notes!" repimportant means of private and public sector financing in the Federal Republic

According to estimates made by Commerzbank such certificates of indebtedness outstanding in 1980 totalled more than DM 400bn compared with a total volume of outstanding issues in the West German bond market at the same time of over DM 500bit. The fact that no precise statistics exist is clearly one of the major attractions for operators in this sector of the capital market as Schuldscheindarlehen offer an unrivalled degree of secrecy.

Although this form of financing instrument has been used in Germany for several decades public sector financing—the importance of certificates of indebtedness has greatly increased in relation to bonds, the traditional capital market instrument, since the beginning

Why have they become so popular? According to a Commerzbank study of the German capital market, Schuldscheindarlehen offer borrowers " lower cost, easier adjustment of terms to the individual needs of the borrower, simpler procedure, faster handling and more discretion, compared with the

Just as important they do not need Government approval; nor do they need admission to the

costs of the transaction usually cake the Schuldscheindarlehen a cheaper proposition for the

Among the expense items saved are Securities Tax, the cost of printing bonds and a prospectus and of admission to the stock exchange, all costs that are necessarily entailed in a bonded loan issue. As the Bundesbank spelled out in its first survey of the Schuldscheindarlehen market carried out several years ago; "Further advantages for the borrower lie in his greater freedom of movement when raising capital-no governmental permit for the issue, no obligatory publicity, individual framing of the terms; less dependence on the general state of the capital market; no

darlehen are somewhat higher over-the-counter only by the years, than on bonds and that the banks.

NET BORROWING BY ALL AUTHORITIES (DM bn)

·	1980		(981* of which
		Total	Ath qtr*
Loans against borrowers' notes	+52.4	+76.4	+20.4
Securities	+ 1.1	- 0.9	— 0.6
Other	— 0.9	- 0.4	<u> </u>
Total	+52.5	+75.0	+19.7
Of which raised abroad† †Partly estimated	+22.0	+24.0	;+. 1.0

loans are not subject to any officially quoted once fluctuations that would lead to banks having to write down the values in their annual accounts.

a new relevance in the last two years as banks have been hit hard by the book-losses they have had to take under West German accounting require-ments on their bond portfolios as a result of soaring interest rates and crumbling bond prices. As certificates of indebtedness do not have a listing with daily fluctuating prices they are not subject to depre-

What are Schridscheindarlehen? itself admitted in a survey carried out several years ago that there is no clear and universally satisfactory definition of the 'Schuldscheindarlehen'." Broadly, however, certificates of short-term, medium-term or long-term loans for which a written loan agreement is signed debt acknowledgement is

The main difference between Interest rates on loans against a regular bank credit and a cer-borrowers' notes are normally tificate of indebtedness is that the certificate is negotiable and ruling in the bond market, but therefore can be traded. In this the savings to be gained on the sense it resembles a securities

> exchange securities, however, means that they are saleable only within limits. A major difference from bonds is that in a legal sense they are loans and not securities. "The borrower's note," says the Bundesbank, "unlike bonds, is not needed for assertion of the underlying claims: it serves merely as pro-bative evidence."

Despite the limitations on the negotiability of certificates of indebtedness, the fact that the number and volume of loans granted in this form has been growing rapidly in recent years means that an unofficial secondary market for them has deveneed to support bond prices." loped. Major banks and a few For the investor the attraction private bankers are making a lies chiefly in the fact that market, according to Commerz-

Trading prices are established by supply and demand based on market yields at the time of with a minimum trading amount of DM 100,000. Usual amounts, however, are DM 1m

important additional attraction for non-German residents is that under German law interest income from Schuldscheindarlehen is not subject to German withholding tax.

The main borrowers in the

public authorities, domestic private banks, domestic private corporations and foreign borowers. On the investor side the main bolders of certificates of indebtedness are the insurance companies and the banks, but in recent years they have been joined by foreign investors, major industrial concerns and occasionally private investors. The private lender is in most cases ruled out of the market, however, because of the large size of the individual trans-actions involved.

By far the most important ingle borrower in the form of Schuldscheindariehen is the West German state in its various forms. Of net borrowing in the market by the central, regional and local authorities of DM 75bn last year, some DM 76.4bn was The fact that Schuldschein-borrowers' notes. The dis-darlehen are not quoted stock crepancy of DM 1.4bn was accounted for by the actual fall in the volume of net borrowing in the form of securities and 1980 there was a similar picture with Schuldscheindarlehen providing DM 52.4bn of net borrowing of DM 52.5bn.

The growth overall of the ning of the 1960s is closely associated with the rapid expansion of state indebtedness. Exact figures have not been published but it is understood that of total state indebtedness of DM 545bn at the end of 1981, around DM 400bn was in the form of Schuldscheindarlehen.

Public financing through certificates of indebtedness has require the borrower's consent bank, and certificates are traded risen quickly in the last few before transfer.

notes have also been the financing instrument favoured by Bonn in its search for new of funds abroad chieffy in Saudi Arabia—during the period that the country was running a huge current account deficit. The need to finance this deficit also led the Government restrictions on the sale of Schuldscheindarlehen to nonresidents, opening up the sale of short-term certificates.

'As far as the Federal Governand the Federal Railways and Post Office are concerned, La minimum amounts raised These borrowers negotiate loa by announcing the terms yields and maturities—at whi they are willing to born capital in the market or esponding to direct demais from the banks.

Schuldscheindarlehen play less important role in corporate financing than in the funding of the public sector and in 1980 it was estimated that loans against borrowers' accounted for no more than 10 per cent of total long-term bank loans to enterprises. The possibility of raising debt in this form is also in practice limited to large concerns

The insurance industry plays a major role as lender in the Schuldschein market with the result that requirements raised by the insurance companies often play a major role in judging the eligibility of cor-porations for certificates of indebtedness.

The maturity of a Schuldscheindarlehen can be for any period agreed by the contracting parties, and although loans against borrowers' notes started out more as long-term financing instruments they are now commonly used as a way of raising short-term debt too. Interest is payable at fixed ates over the entire life of a

date and will be determined. by the state of the market at the time of the deal and the standing of the borrower. The yield is generally above the yield obtainable on bonds. Public sector certificates are usually issued at fixed interest rates until maturity, but there The growth overall of the are sometimes clauses for remarket for certificates of negotiating interest rates after indebtedness since the beginning of the 1960s is closely usually takes place in total at associated with the rapid the maturity of a loan, but this can also be arranged in other ways such as instalments.

In general loan agreements provide the creditor with the power of attorney to assign the. loan in part or completely to

Kevin Done

Euromarkets profile reflects mix of investment views

major London-based banker, on the rather low profile adopted by German banks in the international syndicated loan market. The reasons for their lack of activity involve the peculiar growth of German banks in this sector, largely through sub-

sidiaries in Luxembourg. West German banks originally set up these Luxembourg opera-tions in order to channel Euro-credit business, but the tighter interest margins and lower yields of recent years have dis-couraged them from taking on

much new business.

The banks have also found a regulatory headache in the move toward consolidated accounts in West Germany, thus bringing the Luxembourg loans activity into the full bank report. The idea of running business out of Luxembourg was at least partly to avoid some of the Bundesbank's requirements, but this has not worked.

Most of the involvement by German banks has been in Eastern Europe and the loans from Dresdner Bank, Commerz-bank and Deutsche Bank to Poland have been well-publicised. Deutsche Bank clearly made the best provisions. Otherwise, German banks stick to trade-related credits,

and have completed some busi-ness with Brazilian borrowers. The trend toward stightly higher margins in the case of some borrowers has lured German

bond market, however, West German banks are far less shy. The Euro D-Mark bond market is a thriving area, and new issue volume over the past few months has been at least DM 1bn per four-week period. Deutsche Bank is the biggest of the market-makers in Frank-

furt; it operates a significant Eurodollar bond trading desk as

World image alan Friedman

well as a dollar new issue team. Its Euro D-Mark presence makes it the established house for most supranational D-Mark borrowers such as the World Bank and the European Invest-ment Bank.

"THE PROFILE of West ment in the recent credit for the planned borrowings they German banks in the Euro- Greece, which carried reason- have in mind and try to agree on amounts and dates of two D-mark bonds in the credit market can be summed ably generous margins.

When it comes to the Euro- issue. Some of the Bavarian Banrural paper? The answer banks, because they are not as mainstream in the bond market as the Frankfurt "big boys" may benefit from these deliberations even though they are not present. Bayerische Landeshank may be given preference, for example, because the meetings of the West German Capital Markets Submanufacture. tal Markets Sub-committee, under the watchful eye of the Bundesbank, constantly seek to be fair to all new issue man-

Although the Bundesbank in May abolished the special Lombard rate of interest, and this encouraged the bond market, the Euro D-Mark bond sector cannot escape the influence of the New York market. D-Mark interest rates may have a six-point differential from dollar rates (this has been the dollar rates (this has been the norm during the first few months of 1982), but the ebb and flow of the market will follow Wall Street closely.

The quality of D-Mark bond

same market. Who bought the Banrural paper? The answer is that a number of domestic German investors often jump into the market when the coupon is sufficiently attractive, even if the borrower's name is not the best.

Quality names are more likely to be purchased by foreign institutional investors or central banks wishing to maintain a certain portion of maintain a certain portion of their investment portfolio in D-marks and willing to take a slightly lower payout in exchange for security.

The outlook for the Euro Dmark bond market this year
seems promising, although bond
dealers will always warn that
it is risky to predict more than
a fow months or weeks in aca few months or weeks in activated. The U.S. economy and the U.S. budget deficit are two factors which will continue to exert a serious influence on the D-mark sector. the D-mark sector, as will the relationship of the West Dresdner Bank, DG Bank, Berliner Handels-und Frankfurter Bank, Westdeutsche Landesbank, Commerzbank and Bayerische Vereinsbank are other banks with a significant presence in the Euro D-Mark bond market.

Unlike the Eurodollar bond market, which is virtually unregulated the Euro D-Mark sector does have a formal issue calendar, which is agreed at meetings held generally once a The Banrural paper yielded.

The quality of D-Mark bond borrowers varies from the german currency to the dollar. Healthy German currency to the dollar. Healthy German currency to the dollar. Healthy German currency to the dollar surplus will help the marker offset these factors. The German currency to the dollar surplus will help the marker offset these factors. The German currency to the dollar surplus will help the marker offset these factors. The German currency to the dollar surplus will help the marker offset these factors. The German currency to the dollar surplus will help the marker offset these factors. The German currency to the dollar surplus will help the marker offset these factors. The German currency to the dollar surplus will help the marker offset these factors. The German currency to the dollar surplus will help the marker offset these factors. The German currency to the dollar surplus will help the marker offset these factors. The German currency to the dollar surplus will help the marker offset these factors. The German currency to the dollar surplus will help the marker offset these factors. The German currency to the dollar surplus will help the marker offset these factors. The German currency to the dollar surplus will help the marker offset these factors. The German currency to the dollar surplus will help the marker offset these factors. The German currency to the dollar surplus will help the marker offset these factors. The German currency to the dollar surplus will help the marker offset these factors. The German currency to the dollar surplus will help the marker offset these factors. The German currency to the

sector does have a tormal issue calendar, which is agreed at coupon.

The Baurural paper yielded able new issue calendars. This more than 250 basis points (21 has been the case for the past of new issue managers discuss Morris, the widest yield guarantees for the future.

هكذا من الدُّعل

THE FRENCH ECONOMY

Mitterrand's unpalatable choices Getting beyond glib talk

By David Housego in Paris

obstinate strea to M Mitterrand's charact. He is not a man who likeso be seen to be acting under ressure — least of all when Socialist President of Frame that pressure comes from the international currency makets.

But the sle on which there has been ; haemorrhaging of France's oreign exchange reserves h greatly limited his room for manoeuvre. From FFr 42bn before the Socialists took officin May last year, the Bank of France's disposable foreign change holdings had fallen toust over FFr 16bn by May 19 Dealers reckon that the Ban of France paid out at least afurther FFr 6bn lost week idntervening in defence of the anc. particularly when it can under heavy pressure on Theday and Friday.

Nobly expects the President to arounce a devaluation of the ench franc within the Euro:an Monetary System where holds the second Press confence of his Presidency toda But the occasion will be wated for indications of the statisation measures that will he reded if there are not to be repited devaluations of the fra in the future (the first we in October last year) and here also for the degree of Face's commitment to remain wain a more stable EMS

French public opinion is at just in part prepared for the enouncement of austerity easures. An opinion poll iblished at the weekend lowed that 58 per cent would pparently welcome austerityfinding the cynics interpret s meaning that they would welcome it for the remaining 12 per cent of the population:

the French will not lightly give up the still rising living stanlards that they continue to enb.Official forecasts are that [inflation-adjusted] in- of a cut in living standards e nes will go up 2.2 per cent has been the Communist Party n,s year after a similar in and the Communist-led CGT evase in 1981. Even this does at i fully reflect the astonishing

per cent increase in wages

on an annual basis that sean-

ingly took place in the frst M Pierre Mauroy, the Pime Minister, who until recentle has been an advocate of expansionist policies, indicated some FRENCH FRANC

days ago that this could not the concluding declaration of continue when he spoke of the need "to put a brake" on wage and price increases. M Jacques Delors, the Finance Minister, has also again been preaching the need to cut back on social expenditures — warning that everybody must be prepared for sacrifices and that it was not yet time for "gathering the cherries." The pro-Socialist CFDT union has declared its support for greater "realism and "rigour."

Almost a lone voice against austerity-with its implication trade union The largest in the country). Others will no doubt add their voice to the chorus of complaint if they find the shoe is pinghing them. But at least the belief that the party is over gives M Mitterrand some leeway in announcing unpalatable chanzes.

An equally helpful factor is

the Versailles economic sumnational monetary and exchange rate stability for which France is anxious to a greater convergence of economic performance among the major industrialised states. In other words M Mitterrand can put the medicine he proposes in the context internationally agreed goals. For the pressures for a

change in gear " in economic policy do not only come from the weakness of the franc. They also stem from the related fact that France is now having to face up to the painful consequences of having pursued last year an expansionary economic policy at a time when her major trading partners were deflating. The unexpected extent to which France is out of step with other industrial-ised nations has badly thrown out the Government's economic

for so doing on July 29.

infrastructure

over half their net asset values.

how can it seriously be contended that profits are

Your correspondent fails to

acknowledge that the selective

taxation of offshore petroleum

and TV advertising was imposed

to counteract excessive profits arising from monopoly rights

granted by government. The imposition of a levy on the

banks was not based on profits.

and did not recognise that the

If the case for the levy rested on the benefits to the banks of

high interest rates that arose

from the economic policies of

the day, would he be so

vociferous in arguing in equity

that relief should be provided

subject to competitive forces.

excessive?

first four months of the year is a marginal improvement on last year but way above the single digit figures being achieved in the U.S., West Germany and Britain

France's widening trade deficit reached a FFr 10.2bn in April as a result of the slowdown in exports due increase in imports sucked in by the continued bouyancy of Government claims its EEC partners have gained on avercent a year of real GNP through the boost to imports caused by the reflation of the French economy. The sharpest gain has been made by West Germany. The sluggishness of exports has in turn been a major factor behind the loss of momentum

of the French economy. Real GNP actually fell by 0.1 per cent in the first quarter of the year and is now only expected to rise by 2 per cent in 1982. This compared with the 3.3 per cent forecast estimated at the time when this year's reflationary budget was being prepared. As a result of slower growth, tax receipts will be down thus further swelling the budget deficit. A planned deficit of FFr 95bn for 1982 (as compared with FFr 50bn in 1980 and FFr 72 bn in 1981) is now expected to reach FFr 120bn. This is quite apart from an anticipated deficit in the independently administered unemployment benefit fund

end of 1983 and a heavy shortfall in the social security fund. It is an extraordinary fact of Socialist France that notwithstanding what his ministers say M Mitterrand retains an almost monarchical power of decision and that his exact intentions over a shift in economic policy

(UNEDIC) of FFr 37bn by the

remain a mystery.

He certainly had no wish to take unpalatable decisions at this stage in his administration. His strategy was to postpone austerity measures over budget expenditure or wages until after the municipal elections next spring. M Mitterrand wanted to use these (as did the Communists) to reinforce his party's local electoral base.

But he has always been economy. M Mitterrand is

Thus the French inflation also sensitive to the damage to rate of 13 per cent during the France's prestige from the continuing weakness of the franc, the draining of the reserves, and the danger of

> A major priority continues to be to maintain the impetus of of long-term investment through the newly nationalised industheir hopes for a restructuring and modernisation of French

out the deflationary policies of monetary and fiscal restraint employed by former Prime Minister M Raymond Barre (which he and his Socialist Party denounced) but which still look the only way of achieving those particular objectives. Among-such irreconcilables M Mitterrand's options are limited: - He has already announced that the budget deficit next year is to be held to 3 per cent of GNP. Tighter expenditure limits are being imposed on

Indubitably the foreign exchange markets want to hear of expenditure cutbacks that go further than the bulk of the Socialist Party are prepared

There is strong support within the Socialist Party for a price freeze and this is equally popular with the public at large as reflected in the opinion polls. M Delors has opposed it because (unless industry was excluded) it would further squeeze already depressed company profit mar-A prices freeze would almost certainly be linked to a tougher wage restraint policy. The President is under strong pressure from the Ministry of Finance to raise employee contributions to the social security unemployment benefit funds. Civil servants are currently exempt from contributing to the unemployment fund a privilege they are likely to

se in the name of "solidarity." The risk of not taking such measures now is that M Mitterrand could be forced into a more humiliating U-turn later on and into further devaluations. Such a prospect is damaging to him in France, and damaging also to his hopes of closer European collaboration sensitive to accusations of through a strengthened EMS Socialist mismanagement of the and closer relations with West

repeated devaluations.

But he also wants to restore order to the public finances and curb inflation—though with-

social welfare ministries.

from Versailles ... we have begun to ask if work is the normal state

> innovation? Or can we take comfort that Belgium is doing worse than us, and even the The truth is many-layered. A expansionary policy more coupled with special employment measures might put 1m men and women back into jobs within two years, with further improvement after that. The

shock of the present figures

cynics that an incomes policy

persuade the

might finally

alone can keep both unem-ployment and inflation down. But there is unease. Britain's own problem rests on the further crisis of a world recession and no message of hope has reached Warrington from Versailles. Then there is the microchip, the spectre that casts itsshadow over future generations. Invented by man, its extended: family of technology threatens

to make man redundant.

Unemployment

about the unwaged

By William Rodgers, MP

profession" be says, "work is

But work is what is missing

So we have begun to ask our-

selves whether work should be the normal state at all. Is it

trained for leisure, with only

would spread the opportunities

The jargon of the Left has

already accommodated to the

change, pushing the work ethic

refer to anyone as unemployed

is to cast a stone: Let them instead be known as "unwaged."

require a euphemism to hide

the affliction of the victim.

There is no dishonour in being

The graduate sons and

But public perceptions of

DΩ

longer

the normal state."

choose it.

STANDING in the parlour of the World Out of Work the Victorian terrace house I (Collins, £2.50), gallops through the Victorian terrace house I gave the obvious reply. "If the economy grows with more investment there will be more jobs here." "Oh no there won't." was the response, "It in Europe as a whole, steel, tex-tiles, cars and shipbuilding are in decline and that to be down and out in Lorraine is just as depressing as in Corby, or Krefeld. "Except in the acting would just mean more overtime

The politician's glib prescription bounced off the man who really knew. At the wireworks in Warrington, jobs lost would. for many of those who would. never be replaced.

To those of us who grew up in the Beveridge era, it is extraordinary. Full employ-ment was the axiom of the free society. Now we are learning not better that we should be to live with 3m men and women our middle years devoted to earning? If work-sharing on the dole. A Conservative Prime Minister can even dream of winning an election with 12.4 per cent of the workforce without jobs. on a weekly basis, why not work-sharing over a life-time?

Is it all Britain's fault again -low productivity, bad industrial relations, the absence of back to its origins in religion and the rise of capitalism. To

No message of hope has reached Warrington

daughters of middle-class parents may as easily draw the dole as first-generation black citizens in Brixton. Their longer-term prospects are better. but for a while the experience is shared. The middle-aged unskilled manual worker finds it hard to get another job, but so does the craftsman, school teacher and the office clerk.

unemployment

without a job.

Regional variations in Britain as in Italy and France remain as marked as ever. Better to be looking for work in Newbury than Stockton-on-Tees. But even in London, once a haven for those in search of jobs, unemployment is now his children, so their higher acute, as Ken Livingstone skills will fit those jobs which reminds us with the figures he mounts on County Hall

But the mood of the country remains difficult to judge. Unemplement currently comes top of the issues that matter most to the electors. Anxiety is strong that jobless youngsters in the inner cities will turn

probably lose the will to work. In turn, the breakdown of law these problems. We learn that, and order will destroy the respect for parliamentary democracy and representative institutions. At some point, there is what Giles Merritt calls "a critical threshold" to be

And yet, and yet the largest rally that Britain has lately seen was organised by the Peace Movement, and was not about the unemployed. And, as Giles Merritt reminds us. the phenomenon in Britain is the rise in politics of the moder-ate centre-Left.

The man from the Warrington wireworks has a shrewd sense of how the system works. He will not vote to take Britain out of the Common Market. Perfidious Brussels may be, but noone would gratuitously add auother 1m to the dole queues. He will not vote, either, for a siege economy that would freeze Bri-

Britain cannot be an oasis of employment in a world out of work. But it could be more concerned to make the desert bloom again.

tain out of world markets and slow the pace of inescapable

But neither is he convinced that the growth of the money supply and the size of the Public Sector Borrowing Requirement are the stuff of which prosperity is made. In his heart there is a middle way, special measures for the young and the long-term unemployed, moder-ate expansion with pay restraints and a vigilant watch on

are available in the anxious

Britain cannot be an oasis of employment in a world still out of work. But it could be much less parched and more deeply concerned about how to make the desert bloom again.

etters to the Editor

Inflation accounting: confusion confounded

From Dr J. Ginarti Sir.—Regarding our correspondence column if (June 2) headed "Inflation accounting. cash flow and the Big 4," the lucid first letter fom Professor tial differences beween general price inflation and specific price movement; is somewhat overshadowed by the two succeding letters is which confu-

sion is totally onfounded. Professor Wood does not apear familiar with the excellent work undetaken by Professor Baxter an others describing in great deail the strengths and weaknesse of various forms of cash flo and inflation accounting, or with the literature on the lifferent measurements to the JK of gearing, rate return and nvestment on the Continent ad in Japan. Worst of all, howeer, both Professor Wood and & Clayton appear to he greatly onfused on measure-ments of ates of return and

profitabilit While te absolute numbers of bank rofits may have been growing irger, with balancesheets bosted both by UK inflation an sterling depreciation. most bink profit margin measure in recent years have shown a adverse trend. Average co. of funds has been tending to rise considerably faster han average yield on funds-hence the banks' assault on the building societieswhile operating costs have tende to rise considerably faste: than commission income. As a esult of inadequate profitabiliy, capital ratios have been eroring steadily in recent years andbave only been maintained he ery considerable fund raisclerers recently issuing loan capital on a grand scale. More-ovr ratios of bad debt provi-sids to advance, have been deeriorating while risk has paently been increasing. Indeed or had debts and capital alequacy it could well be argued tat the banks have needed wery ounce of tax concession, .nd if anything have been far. on generous to both staff and hareholders. The tendency to compensate for inadequate

dividends has characterised many other UK companies, including in the financial sector for example the composite insurance companies.

distinction between distributsignificant part of the banks' growth in net assets will be distributable in the event of a sale. The remainder of the net tions and reserves should also be reduced by RPI adjustment to some constant purchasing power parity which would deflate them accordingly.

statement produces banks' published SSAP 16 profits of £690m, considerably banks

Ouilter Goodison, Garrard House. 31-45 Gresham Street EC2

From the Vice-President, Association of Certified

issues, which then go to increase as an accountant, he does not approve of current cost accounting, he has every right to represent his viewpoint within

Mr Clayton seems to have become highly confused in his discussion of net assets over the substance and his own idiosynand non-distributable cratic approach to measurement profits discussed at length in of bank profits can only cause the Sandilands report. For a confusion. Surely he does not expect readers to believe that attributable to property revaluations, which are patently only the profits of the year. assets, the accumulated reten-

Specifically what Mr Clayton appears to have done is to take the Big 4 current cost net assets of £8.3bn in 1981 and £7.2bn in 1980. The difference plus dividends and special levy totals £1.6bn, which he calls the bank's CCA profit "on the objective net assets basis." But in these calculations, ignoring growth since 1969, he has sub-tracted 1981 net assets in 1981 Is from 1980 assets in 1980 £s. whereas the "real" increase requires the 1980 figures restated in 1981 Es. Such a reprofits net-assets basis," of £816m, much closer to the

lower than historic cost profits. It is perhaps worth reminding readers that full current purchasing power adjustments to clearing banks' profits in the early 1970s painted such a devastating picture of banks' true profitability that the clearers were very concerned at the implications of CPP. (Dr.) John Ginarlis,

when the converse situation of low interest rates applies? An allegation of "complicity in the enormous tax fiddle on behalf of the banks" can only serve to bring the accountancy profession into disrepute. Sir.-Mr Jack Clayton (June F. E. Bleasdale.

profitability by periodic rights 2) should stick to his last, If, 29 Lincoln's inn Fields, WC2

vival depends far more on the investment is useless without

A regime for the

Sir.-Your editorial "A rehis profession and his institute gime for the oceans" (June 1) is providing him with a platform is both timely and forceful. A reminder of the wide scope of straying into bank the convention and of the imeconomics, his arguments lack portance of the agreements reached on all matters other than deep sea mining is much

In the longer term, few doubt an unrealised surplus on the that deep ocean minerals will revaluation of fixed assets form a valuable part of the should be regarded as part of earth's resources. Any real and lasting worldwide shortage of In granting stock relief, the any of the metals will not, how-UK tax system assists manuever, arise before the next facturing and commercial businesses to protect their century. (Temporary interruptions to supplies from existing inflationary times. In practice, sources may, of course, produce no corresponding relief is available to the banks so that temporary shortages at any time.) the business structure can only be maintained from a basis of Difficult as economic fore-

higher historical cost profits casting undoubtedly is, there with significant retentions. At are few authorities who now a time when the market capitalisation of banks is little confidently predict an effective which would justify nodule mining on economic grounds alone much before the end of this century. The resumption of economic growth at the rates to which the developed countries became accustomed in the 1960s continues to elude us, and forecasts of demand for base metals continue to be revised downwards. In the light of recent events.

it is hard to conceive that iso-lated and potentially vulnerbore no relation to the individual banks' ability to pay. able marine outposts can contribute significantly to security of supply of the strategic metals cobalt and manganese except in the context of agreed international law.

For the rest of this century, it is most improbable that there will be any limitless bonanza to be tapped for the profit of either north or south, and Third World countries, in particular, need to recognise

In everyone's long term interest, the rights of the ocean mining consortia must be recognised: without the consortia the resources will never be developed. Equally certainly, few will care to risk investing in ocean mining outside the framework of international law. The immediate importance of

the convention, covering the wider aspects of the law of the sea, is far too great for it to be allowed to founder on the single issue of ocean mining. This is a longer term problem.

The hot tip that could sto Everyone wants to invest. And today The Unit Trust Year Book 1982

there's no shortage of means to do so. They range from antique silverware to traded options. But the shares of well-run companies remain the best investment generally available. For most people, of course, that

means investing in them through a unit How else are you going to get the

spread of holdings you need, expertly managed, at a price you can afford? But there are more than 500 unit trusts. Knowing which are which can

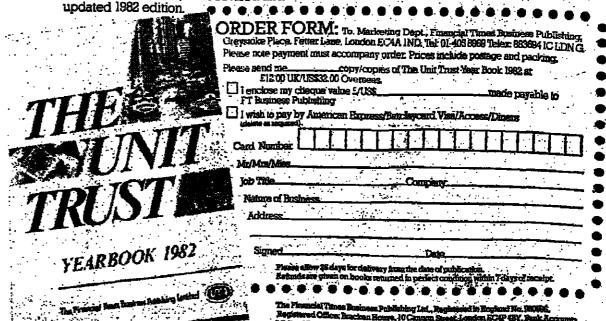
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tabulates trusts with their performance figures over the past six years. It analyses them by investment sector and objective. It describes their current portfolio and management team.

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The Unit Trust Year Book 1982 will be published in June 1982 and will cost £12.00. What it can't tell you about unit trusts

could be stuck under the postage stamp you'll need to send us your order.



The textile industry

From the Chairman Textile Industry Support Campaign.

Sir.-Your report (June 4) on Hong Kong's textile industry highlights a very important It adds weight to our argument that an industry's sur- it is hurt but its message that 115, Windsor Road, Oldham.

environment in which it oper- protection is very pertinent ates than it does on the machinery with which it produces its goods. Last year saw some of the

UK's most modern textile plants close down because of an alica environment based on policy of liberal imports. Hong Kong is squealing before

and timely. Let us hope that it rouses our sleepy Whitehall' mandarius from their slumbers before Britain's fourth largest

industry disappears forever. John G. Bridge. Oldham and District Textile Employers' Association,

P. J. Fair.
O. W. Roskill Industrial 2, Claphan Road, SW9.

Bass profits fall £8.4m but interim increased

FOR THE 28 weeks ended April 10 1982 taxable profits of brewing, drinks and leisure group Bass fell by £8.4m to £43.1m. Sales increased from £840.6m to £347.8m for the period, but the directors explain that the pressure on consumer spending. the severe winter weather and an industrial dispute in Bass North, have depressed sales by

The interim dividend, however, is lifted from 2.53p to 2.66p net per 25p share.

The directors say that, historically, a greater proportion of group profit has been earned in the second period of the year and, as reported at the annual meeting, the effect of consolidating the former Coral activities. in particular Pontin's, while decreasing results for the 28 weeks, will increase the proportion of profits earned in the

second period.

For the whole of the 1980-81 year sales amounted to £1.7on the pre-tax surplus was £133.2m. The dividend total was

and trading profits— (£62.5m)—for the 28 weeks were split as to: brewing and drinks £734.8m (£717.8m) and £60.6m (£63m) £213m (£122.8m) and £3.5m loss

comparative figures, directors Trading surplus for the 28

first quarter of 1981, being pre-acquisition, are not included in

weeks was struck after depreclation amounting to £27.7m against £24.6m, a provision of £1.3m (£1.5m) for employee share ownership scheme, and included a £4.9m (£0.9m) surplus on the disposal of fixed assets, invest-ments and subsidiaries.

Pre-tax profits were after borrowing costs, up from £11m to £14m, which was increased by the inclusion of 28 weeks (17 weeks) interest on former Coral borrowings and overall

After tax, £12.9m (£13.5m), £0.4m minority interests. (£0.5m) and preference dividend payments of £0.2m (same), the available balance came through down £7.7m to £29.6m. Ordinary dividends will absorb £8.6m, compared with £8.1m, leaving £21m (£29.2m)

It then turns to examine the Midland Bank's decision to raise

£100m through the issue of a subordinated unsecured loan stock 2002/07. The stock is issued at £98.55 per cent and will carry a

behaviour of equities which are at or near, all time highs in many

sectors. Finally the column discusses the interim results from

Bass which were disappointing with taxable profit sliding from £51.5m to £43.1m on turnover up from £840.6m to £947.8m for the 28 weeks to April 10, with a jump in the trading loss from

per cent coupon. The column goes on to consider the recent

retained. Stated earnings per share are given as 9.2p, against 12.4p. In December the directors said that capital expenditure of £145m was authorised for the current year. During the 28 weeks £59.7m was spent, com-pared with £61.6m last time.

During the year it was decided to cut production capacity plant and stock write-downs estimated at £1.99m, have been

(£854,000 profits).

comment The 86.7 per cent decline in

Scotcros slumps to £200,000

إهكذا من المنول

TAXABLE PROFITS of Scoteros slumped from £1.51m to £200.000 year to March 31 1982, downturn from following a £1.01m to £431,000 at the half year stage. The year's turnover advanced by £1.06m to £39.21m. Today Lex looks at the preliminary money supply data for banking in May which shows a 14 per cent rise in sterling M3.

But despite stated earnings per 25p share of this group, with interests in packaging, wine, animal feedstuffs and engineering, given as nil (14.7p) the final dividend is being maintained at making a same again total of 5.519p.

The directors say that severe action has been taken to eliminate unprofitable trading activities, reduce costs and create a healthy cash flow. They are confident the group is now ready to take advantage of any upturn in demand,

A breakdown of trading profits, amounting to £965,000 (£2.03m), shows: food division £1.21m (£1.16m); packaging division £323,000 losses (£312,000 profits); engineering division £269,000 losses (£70,000); and overseas division £352,000

(£626,000). Commenting on these figures the directors say the food division maintained profitability in extremely competitive conditions by substantially in-creasing sales. The packaging and engineering divisions were badly affected by the recession

resulting in reduced sales
The French companies increased sales for the fourth successive year but profitability fell sharply in the second six

in the engineering and packag-ing divisions by closing two factories and a warehouse. These closures, announced in March 1982, should be effective by July 1982. The cost of redundancies, debited as extraordinary items. Tax took £214,000 (£419,000) leaving net losses of £14,000 (£1.09m profits). After the extraordinary items, currency transla-tion credits of £2,000 (£27,000 debits) and preference dividends of £25,000 (same), the attri-butable losses emerged at £2m

pre-tax profits at Scoteros reflected the decrease in the engineering and packaging divisions and the French suband packaging sidiaries. Only the food division turned in slightly improved results and these hardly set the heather alight because of the squeeze on margins. Wine sales volume growth in the cheaper products range. The company blames four factors for its plight. First, severe price competition has frozen prices. Secondly the switch to metrication by biscuit manufacturers led to consider able customer destocking in the winter. Thirdly, the continued slump in UK construction hit an engineering division which exports only a fifth of its output, German competition against 24 per cent.
Scotcros' French subsidiaries.
Scotcros plans to concentrate Scoteros plans to concentrate on the drinks side of the business, handling and labelling machinery exports. Interest charges were up 50 per cent as the gearing ratio rose from 30 per cent to 50 per cent. Capital spending has tailed off sharply and the company regards 1982-83 as a period of consolidation. The shares closed 1p down at S9p, yielding 9 per cent

Sketchley jumps 41% and makes a £7m cash call

expected results for the year to Co. Apart from the final April 2 1982 with pre-tax profits dividend for 1981-82, the new some 41 per cent higher at shares will rank pari pasu with fr.28m. Sketchley the dry cleaner and clothing hirer is calling for around £7m by way of a rights on June 11.

Sketchley's freedom to grow in that dealings (nil paid) will begin that dealings (nil paid) will begin the UK has for some time been the issue on the basis of two-for-nine

at 215p.
At the time of the unsuccessful offer for Means Services of Chicago in February, the directors were forecasting profits of not less than £6.9m. They also foresaw a final dividend of 7.3p and this has now been declared. lifting the total payment from 9p

It was the bid for Means which It was the bid for Means which and indirectly led to the current cash call, for stemming from that offer sales for the year under re-Sketchley became aware of Rentex Services Corporation, a linen and garment rental com-pany based in New Jersey, and agreed to take 70 per cent of that company's stock with a merger balance.

The directors explain that profits of the remaining workwear rental and servicing divisions show (£000 omitted): accounts for the major part of industrial £26,433 (£25,489) and group profits and, following the £5,026 (£5,275); cleaning

sition of Rentex is being financed from a medium-term loan, and say the proceeds of the rights will accordingly be placed on deposit for the time being. The issue of the 3.38m new

written by Morgan Grenfell and fident the company will continue IN LINE wit Robert Kitchen Co. Apart from the final to progress.

Taylor's preditions of promis-

1981-82 1980-81 Profit on trading* Interest received Sharing scheme Profit before tax Profit before tax

Tax

Profit after tax

Extraordinary debit

Attributable

Preference dividends

Interm ordinary

Final

Paterned

After depreciation

stated at 27.8p (19.9p), while pre-tax profits on a CCA basis are shown at £6.11m (£3.44m). rash at bank and on deposit As regards the current year based on yesterday's price of

the UK has for some time been fairly limited. Expansion in ery cleaning would have, given the maturity of the industry, to be by acquisition. But Sketchley's market share was large enough five years ago to spark off a monopolies reference when it 2.706 tried to buy Johnson Group, and that route is presumably still closed. For the time being, at any rate, the hiring out of industrial workwear has in-Sales for the year under ref view were £61.5m (£59.9m) and to £7.5m, mainly as a result of the absence of a loss from Greaseaters which last year turned in a deficit of £1.05m on turnover of £63.5 000.

evitably ceased to be a growh business, although long-term prospects for expanding the UK market probably remain favour able. So the inclination to look overseas, particularly in the U.S., are understood. One medium-sized U.S. acoustican in agreement to acquire the on turnover of £635,000.

A breakdown of sales and than Sketchley's original quarry

A breakdown of sales and the followed by —is now to be followed by others of the same general sort. Sketchley's shareholders will probable against the table in the same probable against the ties for expansion. In order, and loss £280,000 (£177 profit). therefore, to take advantage of these is has been decided to broaden the company's equity base.

They point out that the series is the series of the series and the series of the series and the series are series are series and the series are series and the series are series and the series are series ar for the year to April 2, mean-time, show the expected lift from By the year end all borrow- elimination of Greaseating, and ings had been eliminated and a very impressive efficiency improvement in the dry cleaning division. The ex-rights yield

at £06m

ing prospects table profits for the first half t March 31 1982 emerged at £6,000 compared with losses of £7,000 and with a surplus of £9,000 in the second six mont, of the previous year.

R. Kitchen

Tayor up

Earnings per in share are stated at 8.7p (24 losses) and the interim divided is being maintained at 3p in Last year. this kuitwear anufacturer, textile merchant, operty in-vestor and dealer, aid a final

The directors so that sections of the group activities showed a marked incovement, mainly due to obtaing an increased share of the market available. The curre pattern of trade suggests a are flow of profits over the ar, the;

Tax took £245,000 '£18,000 credit) leaving net pfits of £369,000 (£129,000 loss) and after minority debits o£29,000 (217,000 credits) athurable profits emerged at 140 cm (figures) and conditions of the conditions of th ordinary credits of £32400).

comment

Robert Kitchen Taylor's turn to interim profitability stars a continuation of the revery begun in the second half the year to September 1981. C the merchanting side in partitlar. concentration on the up-mket fashion end of textiles aled pany's involvement with thenal underwear meant good newsor winter sales. Kitchen Tayr's strategy of building up a 1b-stantial property portfolio as some way to go, but propey profits in the first half wereat about \$200,000 more than doubt. about £200,000, more than doue those of the comparable peril. apparently studying the company Despite an increase in working capital, it seems that gearing to see how they too can keep costs down. With a market still pretty much to itself and a sim has not risen much above the 42 per cent of the last year-em. The "even flow of profits" alluded to by the company suggests about £1.3m pre-tax for pany has gone for a fairly glosy rating. The shares stand on a fully-taxed prospective p/e of 1, the year, and a prospective P of 8.6. After the results, share price gained 10p to yield of 6 per cent is likely to decline as the shares should but fell back to 141p, still a 1 high, and yielding 10.4 per cd London Trust holds 24.5 per c

Premier Oilfields expands 53%

Consolidated Oilfields, an oil and gas exploration company, advanced by 53 per cent, from £1.3m to £2m, for the year ended March 31, 1982 on total revenue £1.52m ahead at £5.21m.

Although no dividend is re-commended, as the group is continuing to follow a policy of reinvesting earnings into further exploration with a view to increasing its capital value, a one-for-ten scrip issue is again

In describing the results as satisfactory " Mr Roland " satisfactory " Shaw, the chairman, points out that in a year of falling oil prices the group's sales of oil and gas improved from £2.64m to £3.02m — an increase of 14.5 per cent.

He adds that by increasing the group's activities as an operator both in the North Sea and in the U.S. its operating charges showed an improvement from £225,000 to £418,000.

dividend and other income of £1.74m (£776,000), miscellaneous income of £34,000 (£17,000) and

Archimedes Inv Tst int 3.7\$

Bass int 2.66 Capper-Neill 2.1

Robert Kitchen Taylr int 3
Fleet St Letter: 3.5

Thomas Locker 0.92 Sketchley 7.3

§ To reduce disparity.

Scoteros 3.39 — 3.39 Carr's Millingint 1.75 July 16 1.25

DIVIDENDS ANNOUNCED

payment payment

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock.

July 26

July 16

assets and investments totalling £25,000 (£29,000). It also was after taking account of a loss of £32,000 (nil) by associates. In arriving at the pre-tax prospects for the current year.

surplus there were deductions for cost of production £1.1m (£854,000), depreciation £488,000 (£205,000), exploration expenditure written off £72,000 (£295,000) and operating and administrative expenses £1.55m (£999.000). The previous

Net profit for the year emerged at £923,000 (£304,000)

were 0.9p (0.33p). The group has completed the Total revenue also included interpretation of a seismic ividend and other income of survey over block 12/23 in the Moray Firth and it is expected that a well will be drilled there

year's figures included short term interest of £26,000.

after tax of £1.08m (£1m). There was also an unrealised exchange gain of £3.36m (£168,000) following the sale of half of the group's holdings of Lasmo shares last year and the Stated earnings per 5p share

Corre- Total

sponding for

Having regard to the results, the group's strong balance sheet and projects in hand Mr Shaw

> comment Premier's lack of exposure in

places like Nigeria and the Middle East has allowed it to expand production in the year and helped to move profits up. In Trinidad, for instance, prices went down by 15 per cent but Premier's sales went up by 25 per cent thanks to increased output. But Premier's P and L. as usual, sheds little light on the company's prospects. With some £9m still in liquid net assets transfer of the proceeds into dollar holdings. Last year there and another £3m worth of left-were extraordinary credits of over LASMO shares, Premier is poised for action. A major U.S. acquisition is in the works, as are plans to bid for a stake in British Gas's Wych Farm holding. Money is also in reserve against the day that one of its many wells will prove a winner. Drilling is expected to begin in Moray Firth this autumn, which presumably widens Premier's Nonetheless, the vide a yield, remain a firm Premier's price has eased by nearly a quarter in the last year, in line with the sector, and up Ip yesterday to 49p they probably stand at a reasonable discount to their true

Yearlings 12\frac{3}{4}\%

COUPONS on UK municipal authority fixed interest bonds fell by a uniform 1 point at this week's issue, with one year or yearling bonds down to 121 per cent from 131 per cent at par pricing. A full list of issues will appear in tomorrow's issue.

McCarthy & Stone sees upsurge The \$33,330 new shares will Government

perty development company which specialises in housing for the elderly, forecasts an increase in pre-tax profits of at least 40 per cent for the current year, ending in August.

prior to a listing on the Un-listed Securities Market—is placing 1.25m shares at 137p each or 15 per cent of its equity. At this price, McCarthy and Stone is capitalised at about The company was £11.4m. founded by Mr John McCarthy and Mr William Stone in 1961 but it did not move into housing for the elderly until 1977.

Since then, turnover has grown from £796,000 to £4.53m for the year to August, 1981. Pre-tax profits in 1977 were £49,000 and by 1981 had grown to £1.43m. In the six months ended last February, the company recorded profits of £1.03m. It forecasts profit before tax less than £2m.

Of the shares to be placed, 416,665 have been sold by Mr McCarthy and Mr Stone. The first-named retains 55.7 per cept

raise approximately £1m for the company. This sum will be applied toward the group's bor-rowings and will be used to help finance further developments. McCarthy & Stone has some The company—which published its prospectus yesterday £2.7m of bank loans and £1.3m in bank overdrafts. After the placing, the company's ordinary shares will have a net asset

backing of 54p.

Dealings on the USM are expected to begin next Monday.

County Bank is handling the placing. Stockbroker to the company is de Zoete and Bevan.

comment

McCarthy and Stone says there are 11m people in the UK over the age of 60 and only 5 per cent are in "sheltered" housing offered by local authorities. Other developers have been apparently scared off from this business. because of the warden fees, extra costs for special facilities and after-sale managemen business. McCarthy and Stone jumped in feet first, keeping a keen eye on costs, it has been able to return a hefty 30 per cent pre-tax margin. In fact, the

Anglo Continental fall

Taxable profits of Anglo-Continental Investment & (£707,000) and stated earnings per share rose to 7.8p (7.4p). The interim dividend is out by 10 to 5p per share. Minorities accounted for £259,000 in the corresponding region a year earlier.

38,735 sq ft approx. Lease for sale.

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stack of shares on offer, the com-

which is a good premium to the

sector even so, the prospective

move to a premium, market per-

mitting, in early trading.

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١	1981-82 High Low	Company :	Price	Change	Grass div.(n	Yield	P/	ully
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ł	130 100 75 62	Ass Brit. Ind. CULS	127	— ·.	.10.0	79	10,9	13.4
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ŀ	214 187	Bardon Hill	714	<u> </u>	4.3	10.0	3.6	3.1
1	108 100		100	+ 2	9.7	4.5	10.4	7.7
1	295 240	Cindico Grano	265		15.7 26.4	14.5	_	
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l	J 131 97	Frank Horsell	179	_	6.0 6.4 6.4	9.8 5.0	3.0	:7
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LADBROKE INDEX

THE TRING HALL USM INDEX 125.2 (+0.5) Close of business 8/6/82 BASE DATE 10/11/80 100 Tel: 01-638 1591

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Capper Neill

SUMMARY OF PRELIMINARY RESULTS for the year ended 31st March 1982

	1982	, 19 81
•	£000	£000
Tumover	108,249	105,432
(including exports	36,286	32,094)
Trading profit	5,495*	6,650
Less: interest payable	1,976	2,020
redundancy costs	950	818
Profit before taxation	2,589	3,812
Taxation	923	622
Profit after taxation and minorities	1,779	3,180
Ordinary dividends	1,212	1,212
*lactudes share of profit of essociated company		. •

The Directors are recommending a maintained final dividend making total payments of 4.2 pence per share for the year.

Sales, with an improvement in exports, have been maintained but the competition to achieve these sales has resulted in a reduction in trading The world recession has caused a substantial cut-back in capital

expenditure particularly by the petrochemical and related energy industries which represent a significant proportion of the group's process Capper Neill has survived the appalling conditions of recent years without disastrous results and, in the longer term, is strongly placed to

take full advantage of a return to more normal trading conditions. For a copy of the full Report and Accounts write to The Secretary, Capper Neill plc, Warrington WA1 4AU.

> Design, manufacture and erection of process plant for world industry.

UK COMPANY NEWS

Rotaprint rights to raise £1.3m

lications equipment manufacturer, is raising a net £1.3m by way of a rights issue of 1.446,428 11; per cent cumulative convertible redeemable preference shares of £1 each.

The directors also announce that the group has suffered losses during the year ended March 27 1982 estimated to have been not more than £1.12m, after £360,000 interest and £200,000 extraordinary debits for the previous year the pre-tax loss was £533,000.

They add that the losses for 1981-82 have made the group heavily dependent on bank

For every seven ordinary shares of 20p, holders will be offered two convertible preference shares of £1 at a price of £1 per preference share, payable in full on acceptance.

to create a non-distributable reserve of the amount by which the capital has been reduced.

As a result of a £1m cost

Retaprint, printing and dup- UK current forward order psition for this product is beter tion for this product is better than it has been for four yars. And directors are conflent Rotaprint is "well advaned in its recovery."

The rights is being inder-written by Guinness Majon & Co and sub-underwriting grange-

ments are complete. Broers are Rowe & Pitman and delings in pany in paid form will begin on July \$507,000.

comment

Once upon a time Rotaprint was queen of the fiset lithographic printing idustry. Its quality machines, cavoured by small printers ad in-house printing operatios, had been sold world-wide or nearly 50 years when press reached a peak in 1974 of 572,000 on sales offered two convertible preference shares of £1 at a price of £1 per preference share, payable in full on acceptance.

The directors believe the issue is essential to restablish the appropriate capital base for the company, to redress the current overreliance on bank support and to sustain the development of the group's business.

Each preference share may be converted into 20 ordinary shares of 5p each during the years 1983-88. As the nominal value of the ordinary is currently 20p, a reduction of capital is proposed of 15p per share and to create a non-distributable reserve of the amount by which the unital has been mounted and a decision to launch a rure competitive line of machine pushed net debt to £2.6m co-pared to £2.9m in sharehold-3' funds as of the latest bance sheet date. Hence the righ issue. Rotaprint says well; oler books are fattening and anyerseas launch is on the cards. The company has also have asted this long with Rotahave asted this long with Rota-prir have reason to be implient—Rotaprint is not reduction programme together with the launching of a new range of electronically controlled suction machines, the group's dvn 2p. liky to be re-ascending its

RHM acts teimprove bread profit:bility

clude Mother's Pride a' Nimble in addition to Hovis. taking urgent steps to impre the profitability of its bed baking business.

British Bakeries, a substary company, has applied for lan-ning permission to significally extend its Mothers Pride kery at Newcastle in order to istall a new bread production if. The cost of the investment; esti-mated to be £2.7m al will extend the present bary by

15,000 sq ft. The development is heduled for completion by thend of 1983 and will ensure continuation of the supply of D quality bread in the Tyne and Wear area. It will also me possible

Ranks Hovis McDougall, the foo in late 1983 at the Gateshead Mothers Pride bakery, which is not considered suitable for further investment.

> employment opportunities result-ing from the Newcastle development will largely offset the loss of jobs at Gateshead and that many of the Gateshead employees will transfer to Newcastie.

The group has already announced that its Glasgow bakery is to be rebuilt over the next 18 months at an estimated cost of £11.5m, partly funded by a special grant from the Scottish Economic Planning Office.

In the first six months ending in March 1982 of its current vnancial year Ranks' bread companies are believed to have the discontinuation oproduction suffered losses of more than 25m.

Duckham swings back into the black

ALTHOUGH turnover Although turnover at Alexander Duckham was little changed at £29.1m against £29.34m, this wholly-owned subsidiary of British Petroleum swung back into profit with a pre-tax figure of £1.2m for 1981. In the previous year the com-pany incurred losses of

Trading profits were £1.42m against losses of £158,000. There was an extraordinary debit this time of £908,000. No tax was again payable. Stated earnings per share were 30p against losses of 12.6p.

The directors say trading conditions are expected to remain fiercely competitive throughout 1982 and continued emphasis will be applied to productivity and cost control.

£1.26m rise at Thomas Locker

PRE-TAX profits at Thomas Locker (Holdings) doubled from £1.1m to £2.36m in the year to March 31, 1982. The bulk of the increase came in the second half when profits advanced from £510,000 to £1.56m. Turnover of this screening and filtration engineer rose from £20.12m to £21.63m.

The final dividend is raised from 0.8125p to 0.92p for an increased total of 1.17p against

Trading profits improved from £1.23m to £2.55m, and the pre-tax figure was struck after associate company's losses of £187,000 (£131,000). There was a tax charge of £1.25m against £480,000. After minority debits totalled £154,000 (£112,000 credits) and extraordinary debits £56,000 (£167,000). being the cost of restructuring the cost of re-structuring. Stated earnings per 5p share were 2.41p against 1.85p. Pre-tax profits on a CCA basis rose from £541,000 to

cularly affected sections of the

Turnover slipped from £3.07m

Capper-Neill dives to £2.6m

وكنامن لأعل

DEPRESSED PRE-TAX profits have been shown by Capper-Neill for the year to March 31 1982, falling from £3.81m to £2.57m on sales slightly higher at £108.25m, against £105.42m. At half time the pre-tax figure fell from £1.77m to £1.61m and the directors stated that they were unable to view the second

half with optimism.

Although the full year figures Although the full year ngures benefited from a contribution this time of £41,000 from associates, and interest charges were slightly lower at £1,98m against £2,02m, redundancy costs rose from £818,000 to £950,000. There was also a £336,000 increase in the provision for doubtful debts

increase in the provision for doubtful debts.

An increase in borrowing almost offsets the benefit of lower interest rates, says the directors, although, at 38 per cent, net borrowing is acceptable.

able. Past problems created by the strength of sterling and high interest rates are showing their effect on profit, says the directors. The group has survived the appalling conditions of recent years without disastrous results and in the longer term, is strongly placed to take full advantage of a return to more normal trading. However, they point out that competition has resulted in a reduction of 18 per cent in trading profit from £6.65m to £5.45m although sales have been maintained with an improvement in

tained with an improvement in

exports.

The depth of world recession, the falling oil price and stabilisation of energy usage have caused a cutback in capital expenditure in the petrochemical and related energy industries which represent a significant proportion of the group's process plant customers.

Site construction engineering was, again, the major contributor to group profit. Overseas the more realistic alignment of sterling has restored the ability to compete for contracts, but everincreasing competition, particularly from the Far East, has required increased effort to main-tain the order book. At home customers' expansion pro-grammes are being set aside and in the shorter term the directors

Nevertheless, there has been

a continuing demand for high

quality blankets in the UK and

overseas. Despite reduced costs

the remaining blanket turnover

has not been enough to avoid

Pre-tax losses were struck after reorganisation costs this

time of £58,208. Depreciation

was slightly lower at £41,947 (£48,224). Bank interest was

On a CCA basis there was a On May 25 directors agreed

continuing losses.

have had to fight hard to keep difficult year. The directors say that recently some factories have been experiencing an upturn which could be described as encouraging.

The dividend has been held at 4.2p net with a final of 2.1p. Earnings per 10p share were given as falking from 11.02p to

Tax took £923,000 (£622,000) There was a credit for minorities this time of £133,000 against a previous debit of £10.000. Last time there was a capital profit on the sale of assets of £39,000 on the sale of assets of 255,000 and an extraordinary credit of £1.58m. Retained profits emerged much lower at £567,000 (£3.59m).

On a current cost basis pre-tax profits were £443,000 (£601,000).

comment

Capper-Neill has had a rougher ride than expected as it fought with a very depressed home market and highly competitive market and highly competitive international business. Adding to the injury was the £0.34m debt provision mainly relating to the collapse of De Lorean. With no real sign of upturn yet furthe redundancies will be necessar, though hopefully at a lower level than the past two years. Overseas business, which accounts for a third of turnover, is reasonably healthy but faces some big league competitors. The company is also at a disadvantage compared to its counterparts, in having to fund contracts from expensive short term borrowings rather than from a strong cash position. Surgery has brought overheads more into line with lower margins available and there is promise of a better contribution But overall, with two-thirds of the business in site construction engineering, the group will be hard pressed to maintain even last year's performance. Yesterday the shares slipped 2p to 57p for a yield of 10.9 per cent and the p/e is 13, with much support probably coming from income.

Atkins Bros. rises and

The weak demand for certain of the group's products is a result of world recession, say

Nevertheless, there has been A final dividend of 3.65p 0.35p to 5p per 25p share.

pays more

Atkinson, woollen textile manufacturer, as being reflected in increased losses from £223,756 to £2340,628 for the year to £340,628 for the year to £216,000, compared to £216,000 for the £220,756 ditions have particularly affected to March 31 1982 despite a the ladles cloth division which Atkinson, woollen textile manu- out that there has been no Brothers from £383,110 to £364,390.

> Full-year turnover slipped from £12.28m to £11.97m. Tax took much the same at £149,000

ABERTHAW

Group Results for the year ended 31st December 1981

	1981	1980
	£'000	£'000
Turnover	32,884	31,132
•		
Profit before Taxation	3,192	2,566
Taxation	805	479
Profit, after Taxation	2,387	2,087
Earnings per Share	61.0 9 p	53.37p
Total Dividend per Share	11.50p	10.00p
TOWN DIATORING her printe	-4.00p	· -

- Continued growth in profit, dividend and earnings per share.
- Second half of year reflects benefits of higher production, increased sales and manufacturing economies.
- ★ Net borrowings reduced by £2m.

Copies of the Report and Accounts may be obtained from The Secretary. Aberthaw & Bristol Channel Portland Cement p.l.c., Beynon House, Mount Stuart Square, Cardiff CF1 6DR.

Fine Art Developments

-mail order and greeting cards-

Year ended 31st March	1982 £000's	1981 £000's
SALES	£80,185	£75,704
TRADING PROFIT	£5,540	£7,444
INTEREST	£2,137	£2,813
EXCEPTIONAL CREDIT	£1,009	-
PROFIT before tax	£4,412	£4,631
DIVIDENDS per share	3.00p	2.75p
	_	



Fine Art Developments p.l.c.

The 1982 Report and Accounts are available from the Secretary at Fine Art House, Queen Street, Burton upon Trent, Staffordshire, DE143LP.

EUROPAN OPTIONS EXCHANGE Aug. | Nov. | Feb. | | Last | Vol. | Last | Stock

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n war, in peace i you need his help When help is needed, please p him and his dependants

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At the interim stage pre-tax losses rose from £63,726 to £126,975. Conscious of the need to mprove profit performance, the directors have decided to diversify in "a substantial way into another field of activity out. reduced from £80,426 to £56,430. side the company's immediate On a CCA basis there knitted products and dyeing pre-tax loss of £454,844. Short-time working and a to the offer for its shares by Carr's Milling rises despite tight margins

COMPETITIVE pressures kept interests, they say, and in partimargins tight, say the directors at Carr's Milling Industries after figures for the first six months showed a rise in premarchanting subsidiary. tax profits from £480,000 to £578,000. £27,000 to £37,000. The interim

to

Wormalds Walker losses

CONTINUING WEAKNESS in duced last year as a result of

demand was stated by the reduced orders from major directors of Wormalds Walker customers. The directors point

increase to £340,628

Sales for the 27 weeks to March 6, 1982 were £20,99m, against £19m for the previous 26 weeks. The directors say that a satisfactory level of turnover was achieved by flour milling, animal feeding stuffs and bakery businesses. However, they add that the trend of tight Group profits reflected better

cular a strong and sustained recovery by the agricultural The charge for tax rose from

> to 1.75p net — last year's total was 4.25p. ROWLINSON

Rowlinson

Group has changed its name to Rowlinson Securities. The effective date of the Certificate of Change of Name is dated May 21 1982.

Fleet Letter expansion: pays 1p above forecast

PRE-TAX profits of USM beginning to look for som quoted company Fleet Street Letter expanded from £301,000 to £412,000 for the year ended March 31, 1982 and the dividend is boosted from 0.4p to 3.5p net per share -- a 2.5p payment was In their interim report the

directors announced taxable profits of £149,450 (£89,554), and were confident the full year's results would comfortably exceed those for 1980/81. Turnover for the year went £871,000, against

£671,000, and the tax charge was £214,000. After an extraordinary debit of £57,000 - flotation costs—the balance was £141.000. Earnings per share are given as 6.6p, compared with 4.5p.

comment

Think of a company earning a return on capital of more than 200 per cept, whose margin on sales is not far short of 50 per cent, and it may not seem too surprising if the shares have appreciated by 88 per cent since their flotation ten months ago. Puzzled? Answer is the Fleet Street Letter, which has been raking in eash - by way of advance subscriptions, mostly on banker's order - to such effect that its income on deposits has simest doubled in the last year.

the cash duile's up. FSL is

nesses to buy: minority share-holders on the USM should perhaps watch for signs of Fleet Street issuing more paper, to make these acquisitions. Meanwhile, costs are being kept on the fortnightly output of tips Circulation is currently stable at about 13,000, hot weather and political crisis serving to put off any promotional efforts until the autumn. After a higher dividend than indicated, the shares still yield only 5.3 per cent, reflecting the growth record, but also suggesting that they have

	•
SPAIN	•
Jose &	Price # ff or -
Sanca Sifbao	356
Barco Central	
Banco Externor	
Banco Hispano	
Barco Ind. Cat	
Banco Santander	
Banco Urquijo	
Banco Vizcaya	368
Barco Zaragoza	
Dragados	
Espanoia Zine	
Fecsa	
Gei Preciados	
Hidrola	86 – 1
. Ibsoluero	51.0 -0.5
Percieos	86.5 5.5
Perrohiber	99 ·
Segafisa	10
Telefon ca	707 -03

.aporte

Progress made in 1981 should continue in 1982

		-		
	Salient figures		1981 £'000	1980 £'000
-	Sales		214,670	196,531
	Profit before taxation		15,212	11,696
	Profit/(loss) after taxation and ex	xtraordinary item	ns 6,548	(7,862)
	Ordinary dividends		4,052	4,052
	Earnings per share (pence)		10.78	5.49

The Annual General Meeting of chemical manufacturers, Laporte Industries (Holdings) Limited was held on 4th June 1982. The following are extracts from the statement made at that Meeting by the Chairman, Mr R. M. Ringwald CBE.

- Trading in the first few months of the current year has been up to expectations. The level of activity of most business areas has been similar to that achieved in the second half of last year, which means that, overall, it has been better than during the corresponding period of last year.
- With regard to the economic climate in which we operate, it would be unfair of me to say that any significant upsurge has been observed by us; on the other hand there is little doubt in my mind that we reached the bottom of the cycle some little while ago, and although no really significant improvement in demand has been felt. the fact that our rationalisation occurred in good time, and that we are now a more efficient, productive and cost conscious unit, means that even without substantial economic growth, we are very much more solidly based in terms of hard core profitability.
- I can report satisfactory performances in the first few months of this year by our relatively new subsidiaries. Our aim to broaden the technological base of our Company is proceeding with vigour and we are placing growing emphasis on extending our activities into related but less capital intensive businesses.



Copies of the 1981 Report and Accounts and the full AGM statement can be obtain from The Secretary, Laporte Industries (Holdings) Limited 14 Henover Square, London WIR ORE.

LONDON TRADED OPTIONS June 8. Total Contracts 1,584 Calls 1,257 Puts 327

٠٧٥j.

RESULTS AND CCOUNTS IN BRIEF

RESULTS AND ACCOUNTS IN BRIEF

MORLAND SECURITIES — Inco.

£14,000 (£32,000) for sax months

September 30, 1981. Pre-tax prof. (£4,531). £armings per £1,554

£8,000 (£21,000). Tax £2,000 (£8,000) (£3,000)

Following expiration of mining leases.

In Melays. company was unable to TRUST

carry on its activities and had not results from holding of Lonnho shares and from holding of Lonnho shares and from holding of Lonnho shares and from holding of Lonnho shares and from holding of Lonnho shares and from holding of Lonnho shares and from holding of Lonnho shares and from holding of Lonnho shares and from cash deposits. Chairman anticipates that results of trading to Merch 31.

1982, will be available shortly, giving details of results of scuvities carried on by company-for the year, including results of enlarged group for three months to the year-end.

BARLOWS (packer and werehousement)—Dividend Ep (49) nist for 1981.

Group 1 (288.25m moons)

Responsible (288.25m moons)

Responsible (288.25m moons)

Responsible (288.25m moons)

Responsible (288.25m moons)

Responsible (288.25m moons)

CARR'S MILLING

INDUSTRIE! PLC

Interim Statement

1982

2.976,000

20,990,000

578,000

37,000

541,000

541,000

The figures for the 27 weeks to the 6th March, 19 (and for the

comparable period of the previous year) are unaudily. Estimated

taxation for the periods of 27 and 26 weeks ishe Advance

Corporation Tax levied upon the interim divides declared.

Estimated taxation of £138,000 for the 52 weeks to 29thugust, 1981

includes Advance Corporation Tax of £91,000 on the Cdends paid

Although a satisfactory level of turnover was achievety our flour milling, animal feedingstuffs and bakery businessesompetitive

pressures kept margins tight and this trend is conting. Group

profits reflected better results from our agricultural intests and in

particular a strong and sustained recovery by our ricultural

The Directors have declared an interim dividend on trOrdinary Share Capital of the Company for the 53 weeks ding 4th September, 1982 of 1.75p per share (interim dividend 198.25p per

share). The dividend declared will absorb £87,500 of the prc and will

be paid on the 18th July, 1982 to those registered as Sharelders on

This advertisement is issued in compliance with the

requirements of the Council of The Stock Exchange

Midland Bank plc

(Incorporated in England, Registered No. 14259)

£100,000,000 14 per cent. Subordinated Unsecured Loan Stock 2002/07 at £98.55 per cent. payable as to £25 per cent. on 14th June, 1982 and as to the balance on 15th

Application has been made to the Council of The Stock

Exchange for the whole of the above Stock to be admitted to the Official List.

In accordance with the requirements of the Council of The Stock Exchange £10,000,000 of the Stock is available in the market on the date of publication of this advertisement.

27 weeks to 26 seks to 52 weeks to

2,0,000

19,00000

48100 2100

4530

453,6

lan C. Carr (sirman)

29th Aug.,

1981

40,208,000

5,437,000

34,771,000

138,000

611,000

610,000

6th March 28 Feb.,

23,966,000 21,5,000

BARLOWS (packer and warehouse-man)—Dividend fip (4p) next for 1961. Group turnover excluding freight

Less Inter-Company Sales of

products for re-processing

Sales to External

Profit before Taxation

Estimated Taxation --

Profit after Taxation

Net Profit attributable to

merchanting subsidiary.

the 2nd July, 1982.

Carlisle, 8th June, 1982

Closing Vol.

84b

9576

252p

332p["]

280p

169p

424p

151p

10

10 5 5 419p

10

Vol-

Lookers proceeds

For the period ended 30th April 1982

- The merger has been successfully achieveď
- Net profit of £2,072,000 after transfer to inner reserves
- Dividend 34% from 33%
- The new year has started well

Financial Highlights

1982 Issued Capital - Preference 2,085,000 6,874,000 Ordinary 5.468.000 Reserve Profit & Loss Balance 2,448,000

16,875,000

660,990,000 **Total Assets** 2,072,000 Profit 1,593,000 Dividends

Cater Allen Holdings PLC 1, King William Street, London EC4N 7AU Telephone: 01-623 2070



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with Braid bid

BIDS AND DEALS

Lookers, the Manchester-based done with the full co-operation chicle distributor, will con- of Ford, protecting the rights vehicle distributor, will con-tinue with its £3m bid for the Braid Group despite the fact that this will lead to the loss of Braid's Ford main dealer franchise in Macclesfield.

A second Ford dealership at Burton-on-Trent has also been the subject of discussions. How-ever, Lookers said yesterday that it understands it would be the preferred candidate to continue this franchise.

These two dealerships have rocse two dealerships have come under review because Ford does not allow franchises to operate rival dealerships within 30 miles. Sales of Ford vehicles account for 23 per cent of Braid's turneyer. of Braid's turnover.

Selling Macclesfield will be

of those involved, Lookers said. "This will in no way upset the major commercial benefits we expect from the merger of our two companies," it added in a letter to shareholders.

Lookers said it had no inten-

tion of relinquishing the sharetion of reinquisiting the shareholding it had built up in Braid,
which now amounts to 1.34m
shares or 22.3 per cent of the
equity. This follows the purchase on Monday by Bolling
Investments, a Lookers subsidiary, of 25,000 ordinary
shares at 50p.

Lookers full hid consists of

Lookers' full bid consists of 50p for each ordinary share and the same for each preference share with the alternative of a

Approach to St George's

St George's Group has received an approach which may lead to an offer. Shares in the linen hire and laundry group added 6 p an adjustment for two sub-yesterday to 138p where the sequent acquisitions.

Market capitalisation is £6.8m.

Further details of the gurrent

Given that the board, headed by Mr Peter Dellar, took up 25.2 per cent of the recent rights issue—pitched at 74p per share to raise £830,000 net—it is probable that the approach, if brought to a conclusion, would

George's net worth at February last year amounted to £3.6m, after

Further details of the current negotiations are expected shortly but Spring Grove, the cleaning group which shares with St George's the merchant bank, Charterhouse Japhet, as financial advisor is widely rumoured to have made the approach.

MacLellan asks for suspension

The board of Glasgow-based P and W MacLellan yesterday requested a suspension of dealing in the group's shares pend-ing details of an acquisition. It is unlikely that the deal will be concluded, however, before the beginning of next week.

The suspension price was 36p and the market capitalisation of £1.1m is broadly in line with net asset value. Following the sale in recent years of its steel and paint interests. MacLellan's activities have been confined to fastener distribution.

THORN EMI

Thorn EMI Lighting has formed Thorn EMI Lamps and Components to handle combined embodiment sales of light sources and gear as well as sales of photographic, projector, studio, automobile and miniature lamps to specialist distributors.

Peabody Intnl. acquires two UK companies

Peabody International Cor-poration of the U.S. has acquired two UK-based companies for an undisclosed sum. The companies are Vactor, a licensee for the Peabody Myers range of Vactor municipal and industrial cleansing equipment, and Industria and Municipal Pollution (IMP), a contract cleaning concern.

The U.S. group, which already had a 20 per cent interest in Vactor. purchased Boughton group's 60 per cent stake and the 20 per cent interest of Mr Peter ewman, who formed Vactor in 1973 in conjunction with Boughton.

Mr Newman has become managing director of newly-formed Peabody Vactor and IMP, which become part of Peabody International's fluids materials handfing division.

Peabody Vactor will continue to assemble and distribute units of the Peabody Myers range of equipment, primarily for the UK, and in addition, will continue to supply East and West limit to three times the starcholders. The DIRECTORS of Myson, the nine financial institutions, known as the Moonrick syndicate, which took an 81.6 per cent stake in holders will approve plans to Myson last year, are also trained to supply East and West limit to three times thereholders. "We had a clearing up effort tinue to supply East and West Europe, Africa, India and some of the Far and Middle East and Asian markets. IMP provides sewer cleaning services throughout the UK using Vactor equipment and plans to expand both the municipal and industrial

Mr. Newman said Vactor's turnover this year would be over fim and that of IMP about fim. He hoped these figures would double in 1983.

PARAMBE/O'DAIR

In accordance with the terms set out in the circular to share-holders dated July 3 1981 whereby all the issued share capital of O'Dair Brothers was to be acquired by Parambe the total consideration has been agreed at £186,424, 650,565 ordinary shares of Parambe— valued at £149,630—were issued on completion. Accordingly, as full and final consideration a further 159,975 ordinary shares are being issued to the vendors making a total of 810,540 shares (17 per cent).

DAWSON INTNL

Dawson International has com-pleted the disposal of John Haggas (Knitting) and the busi-ness of John Haggas.

ABERDEEN LAND

The recent offer by City of Aberdeen Land for the whole of the issued capital of General Trust and Heritages has been accepted in respect of 12,850 ordinary shares (85.66 per cent) and 12,662 preferred shares (86.63 per cent) and 39,000 deferred (97.5 per cent).

company inlends to extend the offers in respect of each of the three classes of shares until June 18.

SHARE STAKES

Jayplant - Nicholas Langley-Pone, chairman, has acquired 60,000 ordinary shares making interest 6,784,312 (38.27 per

Lendon and Leunox Investment Trust-London and Man-chester Assurance has purchased a further 50,000 ordinary shares making holding 2,167,555 ordinary (12.07 per cent).

Cole Group — BRP Securities subsidiary of Bajau, holds 284,500 ordinary shares (9.5 per

Modern Engineering of Bristol (Roldings) — J. O. Adier, director, notifies that 341,249 shares have been transferred to beneficiaries under trust. His beneficiaries under trust. His resultant interest as trustee is 170,625, shares (5.69 per cent). Widney (formerly: Hallam Sleigh and Cheston)—The Iron Traders Employers Insurance Association, has purchased 565,000 new nil paid ordinary shares. When call is paid this amount will represent 6.5 per cent of total issued equity

of total issued equity capital.

Mercury Money Market Trust

Notraco Nominees have increased their holding from 9.54 per cent to 20.22 per cent.

Marks & Spencer to spend over £300m

MARKS AND SPENCER, the St accounts it is revealed that the Michael brand stores group, continues to invest heavily, and has budgeted more than £300m to be spent over the next four years in property, buildings and equipment, Lord Sieff of Brimp-ton, chairman, tells members in his annual review. He says that new stores were

opened in Truro, Exeter, Brent-wood, Redditch and Bexleyheath during the 1981/S2 year. Stores are being built in Stratfordare being built in Strattordupon-Avon, Epsom, Banbury,
Enfield, Carmarthen, Dumfries,
and Horsham, and the group
has extended existing units in
Bury, Boston, and St Helens.
The company is also extending
stores in Wolverhampton and
Wakefield, he adds.

As reported on April 30

As reported on April 30, group sales for the 53 weeks

ended March 31 1982 expanded from £1.87bn to £2.2bn and pretax profils rose by £41m to £222m. The dividend is stepped up to 4.6p (3.5p) net with a final distribution of 2.85p.
Total UK exports increased

from £47.6m to £58m during the period and export sales outside the group went ahead by 18.8 per cept to £26.5m.

In the notes to the annual

company is the owner or lessee of properties costing a total of £1.8m, each of which is let or sub-let to a director at a rent equal to the annual value of the property concerned.

Each director with the excep-tion of Sir Derek Rayner, a managing director, also has an option to purchase the company's interest in the property concerned before the end of the relevant lease, at its cost to the company,

company.

Lord and Lady Sieff have a five-year lease, as from July 24 1979, on a property costing the company £425,000.

As at March 31 group fixed assets amounted to £1.12bn (£653.7m), current assets £312m (£268.9m) and current liabilities £369.2m (£299.1m). Total capital employed was £1.12bn (£648.4m) and ordinary shareholders' funds employed was 21.1201 (2003-m), and ordinary shareholders' funds totalled £1.06bn, against £596.4m. A statement of source and application of funds shows a £1.7m decrease in working capital, compared with £44m last time. Cash and sbort term funds at the year end were £151.5m (£121.6m).

Royal Lancaster Meeting, Royal Lancast Hotel, W, on July 1 at 11 am

Brook Street faces difficult year ahead

THE TROUBLES of staff recruit-ment agency Brook Street skills, but although higher tech-Bureau of Mayfair are not yet nology may mean fewer vacanover, Mr Eric Hurst, joint chairman, with his wife Margery, says in his annual statement.

"Despite the more favourable indications which now exist in the economy, the remainder of 1982 will continue to exert pressures upon the company and its staff," he says.

As reported on April 27, the group made pre-tax losses of £1.53m (£1.34m profits) in 1981 on turnover of £14.92m (£22.05m), while losses per 10p share were stated at 10.39p (7.49p earnings). A nominal dividend of 0.1p net (2.135p) was recommended.

The group reacted by contracting its branch network but Mr Hurst says it has taken care to retain the ability to expand rapidly to meet demand when business activity increases. "We have taken the view that

as the country gradually emerges from recession, indus-

cies, this is unlikely to reduce significantly the resources which have to be deployed on recruitment," he says.

Demand for temporary staff remained more buoyant than that for permanent staff throughout the recession, while the bureau had a "moderately-successful year" in both Australia and the U.S., where it has

opened a new branch, he adds. At the year end shareholders funds stood at £3.26m (£4.22m) and fixed assets were valued at £1.96m (£2.33m). Net current assets came to £1.44m (£2.28m) including bank balances and cash of £1m (2.87m). During 1981 there was a decrease in working capital of £2.32m (£603,598) and hte remuneration to each of the joint chair-men rose from £52,808 to

Meeting: Europa Hotel, W. July 5, noon.

Myson borrowing limit up

limit to three times shareholders' funds.

Myson will put this proposal to an extraordinary meeting ahead of the annual meeting this Friday. Following a difficult year in 1981 when shareholders' funds myson more than doubled its taxable loss to £7.12m in 1981 on turnover which was 13 per which limit borrowings to twice shareholders' funds. Borrowings are now about £12m.

Mr John Saikeld don't the weigh Town's Taxable loss to £7.12m in 1981 on turnover which was 13 per cent lower at £48.31m and passed its dividend.

The Weigh Town's Taxable loss to £7.12m in 1981 on turnover which was 13 per cent lower at £48.31m and passed its dividend.

expected to back the proposal.

We had a clearing up effort
this year and wrote down the assets which were not worth the money," commented Mr Salkeld.

"But our earning power was not affected."

Mr John Salkeld, deputy chief executive, said he thought the extraordinary meeting would be

extraordinary meeting would be Under the new proposal bor-a "non-event" since the com-pany's bankers, Barclays, had shareholders' funds or share approved the new limits. The capital, whicever is the greater.

TYSONS (CONTRACTORS) P.L.C.

31st December, 1981

Group Turnever	1981 £ 27,325,709	1980 £ 21,692,870
Group Profit before Taxation	1,478.354 21,579	155,676 (226,243)
Group Profit after Taxation	1,456,775 4,278	381,919
Dividend	1,452,497 105,875	381,919 105,575
Retained in Group	1,346,622	276,044
Earnings per Share	29.05p	7.64p

The proposed First and Final Ordinary Dividend will be paid on the 3rd July 1982 to Shareholders on the Register at the close of

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- Excellent cash resources

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No offer or sale of any of the Stock may be made in the United States of America or in any other jurisdiction where such offer or sale would be prohibited by law. Particulars of the Slock will be circulated in the Extel Particulars of the Stock was be carculated in the Extel Statistical Services and copies of the Particulars may be obtained during usual business hours on any weekday, except Saturdays and public holidays, up to 23rd June,

mei Montagu & Co. Limited, 114 Old Broad Street, London EC2P 2HY

12 Tokenhouse Yard, London EC2R 7AN

Results for the year ended

Group Turnover	27,325,709	21,692,870
Group Profit before Taxation	1,478,354 21,579	155,676 (226,243)
Group Profit after Taxation	1,456,775 4,278	381,919
Dividend	1,452,497 105,875	381,919 105,575
Retained in Group	1,346,622	276,044
Earnings per Share	29.05p	7.64p
The Annual General Meeting of the Con Atlantic Tower Hotel, Chapel Street, L		

business on the 11th June 1982.

-established 44 years-

Substantial dividend increase

1961 1980 £671,000 £407,000 £301,000 £111,000 Pre-Tax Profit Earnings per ordinary share Nett div. per ordinary share

Please send me a copy of your Annual Report and details

If you would like a copy of the Report and Accounts and further details of the First Street Letter please write direct to FSL at 3 Fleet Street, ECAY 1AU.

Cazenove & Co., 9th June, 1982

Bristol Waterworks Company.

COMPANY The surplus for the year 1981/2 of £896,000 exceeded the Board's expectations, says the Chairman of Bristol Waterworks Company, Mr. Gilbert Parrott, in his statement circulated with the Report and Accounts to be presented to the 136th Annual General Meeting of Stockholders on Monday 28th June 1982. This was achieved because of organisational changes, improvements in efficiency and helpful weather conditions. Other points from the statement are:

* The satisfactory financial result made it possible to limit increases in charges for 1982/3 to an average of 61/2%, well below the current rate of inflation. Householders now pay an average of 66p a week for water.

BRISTOL

WATERWORKS

* The option to have a metered supply is being extended to all commercial consumers this year, and to domestic consumers starting in 1983. * An issue of £7 million of 9% Redeemable Preference Stock was made in

* Rainfall was 119% of Standard Average, and nearly half of this occurred between September and December, enabling the highest abstraction ever at 13,750 million gallons, to be recorded from the Mendip reservoirs.

* The average daily gross consumption of 73.3 million gallons was just over 2% more than in the previous year.

* Supplies were affected by a number of incidents, including power failures

* Essential capital works to the value of £3.3 million were carried out.

* Completion of a telemetry control system providing information from pumping stations, reservoirs and treatment works has led to better operational management of the supply system.

41,525, and high quality was maintained. * The Board offers congratulations to a fellow Director, Mr. M. A. Anson on his appointment as Chairman of Wessex Water Authority, and its appreciation of the loyal and willing service of staff for their continued commitment during a difficult period.

* Again, the trout reservoirs fished exceptionally well, with a record catch of

Bridgwater Road, Bristol BS997AU.

Maibl advances by 12%: makes new debt provision

BY PAUL TAYLOR

ns 3 1825

TIONS

ξ,

THE OLDEST of the UK-based year, retained profits decline by consortium banks, Midiand and £904,000 to £4.41m. International Banks (Maibl), which is 45 per cent owned by Midland Bank, yesterday announced pre-tax profits up by 12 per cent at £12.7m in the warr ending March 31 year ending March 31.

After tax of £5.7m, profits increased by 15.4 per cent to £6.98m.

A new general provision for doubtful debts of £5.8m—reflecting, growing uncertainties in particular parts of the world like Latin America, following the Falklands invasion, and Poland—was precisely matched in the consolidated profit and loss account by a tax credit in the consolidated profit and loss account by a tax credit generated by further reducing the provision for deferred tax.

Account to the consolidated profit and loss account by a tax credit generated by further reducing the provision for deferred tax.

Account was precisely matched Sir David Barran, who retired last week as chairman and was succeeded by Sir Donald Barran, Midland Bank chairman said in his chairman said in hi

Malbi's total liabilities increased from £1.24bn to £1.4bn

after £5m retained earnings were capitalised by issuing 5m new £1 shares to existing shareholders on a one-for-four basis. The accounts also reveal a sub-

stantial increase in the bank's lending last year. Loans infrom £585m to £710m and, following its new status.

from August 1981 as a bank
whose bills are eligible for discount at the Bank of England, acceptances grew from £19.7m

After payments to minority the increase in pre-tax profits interest and a final dividend of the increase in pre-tax profits was a "worthwhile achievement in a year when it has become

prudent to make specific provi sions in respect to loans to some customers and to take profit interest on receipt and not on an accrual batis in those cases where we have any doubt whatsoever about eventual receipt."

The hank does ont reveal its

exposure in particular countries although Mr J. Jennings, the managing director, said the bank's exposure in Poland and

oank's exposure in Poland and Argentina was such that "I could write it off and you wouldn't even notice it."

Maibi, whose other shareholders are the Toronto-Dominion Bank group with 25 per cent, Standard Charlered Bank with 19 per cent and the Compared Bank of Australia care mercial Bank of Australia with 10 per cent, has again had its accounts qualified by auditors Ernst and Whinney because it does not provide current cost

Pentos continues legal fight and sees much-improved results

peripheral assets worth £2m this year while continuing legal actions arising from its acquisition of the Caplan Profile group. for Pentos shares then worth

The company, whose interests just over £7m. It subsequently ange from Athena print shops to discovered net taugible assets, range from Athena print shops to discovered net tangible assets, engineering, construction and office furniture, expects a substantial improvement in this year's results, the chairman, Mr annual meeting..

Pentos has no plans for the sale of further mainstream activi-ties. This follows the disposal of Cedarworth Homes, including liability was depied remus now received payments and credits some property, for £2,63m and a received payments and credits f3.4m management buy-out of worth £454,105 and is entitled to receive a further £700,000 to rec

Pentos, the diversified holding lander, financial advisers to the ampany, plans to sell off Caplan group, and against eripheral assets worth £2m this Malvern and Co, Caplan's auditors, Mr Maher said.

Pentos bought Caplan in 1979 profits for the year ended August 31, 1979, forecast at Maher, told yesterday's £1.4m emerged at only £769,000.

Claims against Caplan's direc-tors and shareholders and against Pentos' own auditors have been settled, although liability was depied. Pentos has this year.

The company intends to pursue, before December 31, 1984, Mrclaims against Singer, and Fried-Maher said.

RECORD BONUSES,

NEW BUSINESS GROWTH

FOR NPI IN 1981.

EXTRACT FROM CHAIRMAN'S STATEMENT, NPI ANNUAL REPORT FOR 1981.

business growth, and product innovation. 1982 will be marked

by our entry into the unit-linked market with a range of new

35% from £26m to £3512m. The self-employed pensions

market was particularly buoyant, following the increase in

Employed Retirement Plan is an established market leader and

a substantial increase in its sales in 1981 demonstrates the

continued support which it attracts from policyholders and

appeal and flexibility. In April we introduced a loanback option

- in fact NPI was one of the first traditional offices to offer the facility, and the first to offer it with a waiver-of-premium option.

contribution limits permitted by the Finance Act 1980. Our Self-

contracts for savers and for the self-employed.

their professional advisers.

trolling and substantial directors.

promptly as we can prudently do so.

1/2%, making a total rate of 141/2% for 1981.

1981 was a year of record bonuses, successful new

New annual and single premium income increased by

Recent improvements to this plan have increased its

Company pensions business was slightly lower than in 1980, but the outcome was creditable against the background of the recession and the redundancies suffered among some of our corporate clients. In August we introduced a loanback option to companies holding our Capital Pension Plan for con-

The borrowing opportunity which loanback provides

During the year, interest rates continued at a high level, and the successful management of our investments enabled us

has undoubtedly contributed to the continued popularity of our pension contracts. Some people have questioned the

advisability of loanback arrangements, but I have no doubt about the benefit they offer as a fall-back facility, provided that

to declare at the end of the year record rates of reversionary

bonus on our assurances and on pension contracts for the selfemployed. Terminal bonuses were also raised to record levels at the year end and the qualifying period was further extended.

This increase in terminal bonus following previous increases at the end of 1980 and in May 1981 is further evidence of our endeavours to pass on investment profits to policyholders as

enabled us to raise bonus interest on our company pensions

contracts - Visible Growth Fund and Capital Pension Plan - by

increased in popularity and, to satisfy the growing demand, we are now introducing a range of unit-linked contracts to complement our traditional policies. Initially, we shall have a

lump-sum investment contract, a 10-year contractual savings

plan and a self-employed pensions policy for annual or single

premiums. We shall have altogether 9 funds over which our unit-

linked policyholders will be able to spread their investments.

Iam confident that NPI's extended range of contracts will enable

us to satisfy to an even greater extent, the diverse needs of the

The prevailing high interest rates in 1981 have also

In recent years, investment-linked contracts have

sensible provision is made for the repayment of the loan.

The remaining claims, which have been denied, against Singer and against Malvern are due to be heard by the High Court in October.

Pentos takes the view, on the basis of legal advice, that its prospects of success and the size of its claim against Singer makes it imperative to press on Prospects of success to the claim against Malvern are also good although there may be difficulties in full recovery, Mr Maher

Pentos significantly reduced losses in the first four months of the year, he told shareholders which was due to reduced costs and interest charges. Export sales rose slightly but there is no sign of any recovery in UK

Good payments from Libanon & Doornfontein

BOARD MEETINGS

dates of board meetings to the Stock Exchange. Such meanings are usually held for the purpose of considering dividends. Official indications are not evailable as to whether dividends are interims or linels and the subdivisions shown below are based mainly on-lest year's timetable.

TODAY

Interims: Camford Engineering, Comet. Westland.
Finals: Ariel Industries, Brownlee, Carless, Capel and Leonard, Electra Investment Trust, Eva Industries, Great Portland Estatus, Highams, Pegler-Hattersley, United Electronic, Valor, W. Williams.

FUTURE DATES

FUTURE DATES

Flexello Castors & Wheels June 1 Glass Glover June 2 Kenning Motor June 1

are compared in the following

The big Malaysia Mining Corporation has produced 7,83

tonnes in the first 11 months of

its year to June 30; it was enlarged by the merger with

Malayan Tin Dredging last year.

tonnes against 1,245 tonnes a year

ago and Tongkah Harbour with a total for the same period of

Also doing well is Ayer Hilam

BY KENNETH MARSTON, MINING EDITOR

FINAL DIVIDENDS declared by the South African gold producer in the Consolidated Gold Fields group include a much better than expected payment from Libanon of 140 cents (72p). This makes a total for the year to June 30 next of 220 cents against 330 cents for the pre-vious 12 months.

Doornfontein also comes out well as far as market expectations are concerned with a final of 120 cents. This brings the 1981-82 total to 200 cents against 335 cents for 1980-81.

Kloof's final of 150 cents to make 270 cents against 400 cents is much in line with expecta-tions. So is that of 135 cents from Driefontein which brings the year's total to 235 cents; it will be recalled that the company was created last July from the merger of East and West Driefond

There may be some mild disappointment that the young Deelkraal is remaining out of the dividend list after having declared a maiden half-year divi-dend of 5 cents in December

But after having shown some recovery in the second half of last year the mine's profits fell back again in the first quarter of this year. The directors thus state that they have decided not to declare a dividend in view of the low gold price and the need

o conscrve cash resources.

The group's latest dividends

Malaysian tin outputs

INCREASED PRODUCTION of most companies under the control of Malaysia's Pernas Charter Management last month, the total amounting to 1,679 tonnes against 1,578 tonnes in April.

Tronoh's output, however, fell to 40 tonnes from 44 tonnes in five months of the year amounts to 214 tonnes compared with 251 tonnes in the same period of

The company expects the year's total to be below that of 1981. Thus with the quota imposed on export sales by the International Tin Council and the lower metal prices Tronoh faces the prospect of a fall in earnings this year.

Yelverton to

USM listing

apply for

London **Prudential**

Sungei Basi ... Tongkab Harb... Tronoh Minas...

MMC

With the announcement of a fall in half year taxable profits Prudential Investment Trust from £76,121 to £20,004, the came out just ahead at £320,232, directors of Yelverton Investments say they now plan to pro-ceed with their application for £150,360. £169,496. a listing on the Unlisted Securities Market.

They believe the company is poised for solid growth in Yoth profits and asset values they

Tax for the half year to April 30 1982 took £2,400 (£1,289) and net asset value per share is stated at 22p (same).

The results for half year include the dividend of 0.55p per share on 2.15m shares in Burma Mines declared on April 19 in

pays more

Revenue the came out just ahead at £320,232, against £397,484, for the year ended April 30 1982, after tax of compared

The dividend is stepped up from 4.85p to 5.3p net per 25p share, with a final distribution of 3.05p, and will absorb £318,000 (£291,000).

Earnings per share are shown as 5.34p (4.96p) and after deducting prior charges at par, net asset value is given at 140p, as at April 30, compared with 147.5p a year earlier.

Gross revenue came to £551,908 (£527,247) and expenses

and interest totalled £81,316 (£60,267).

Midland Bank Interest Rates

Base Rate

Reduces by 1/2% to 121/2% per annum with effect from 8th June 1982.



Deposit Accounts

Interest paid quarterly on 7 day deposit accounts. reduces by 1/2% to 91/2% p.a. with effect from 8th June 1982. APR 9-8%.

Abatement Allowance

On ledger credit balances of current accounts which are subject to the standard personal current account tariff and do not qualify for free terms reduces by



British Investment

Highlights from the Report and Accounts for the year to 31st March 1982.

Total Total Year to Assets Revenue 31st March £000's £000's 1977 118,353 5,325 1978 126,015 5,603 1979 139,461 6,158 1980 122,829 8,315 1981 157,010 9,719 1982 162,214 9,578	Earnings	Dividend	N.A.V.
	p.	p.	p.
	4.36	4.30	175
	4.80	4.85	188
	6.11	5.70	211
	8.18	7.85	184
	9.48	8.85	241
	9.33	9.20	249

DIVIDEND—UP 4%

The dividend of 9.20p per share compares with 8.85p last year. Over the last 5 years dividends have increased by 114%, significantly more than the rate of inflation.

NET ASSET VALUE-UP 31/9/8

The continuing world recession had its effect on most major stock markets last year. In the U.K. there was some overall appreciation in equity prices over the year and the gilt market performed particularly strongly in the March quarter. There was a fairly large fall in the U.S.A. stock market but the strength of overseas currencies against sterling improved the value of the overseas investments.

EARNINGS-DOWN 11/8%

There was a small reduction in gross revenue largely as the result of action taken in the previous year, which reduced franked revenue from U.K. equities and revenue from properties, but increased revenue from gilts and overseas investments.

The Board is reasonably optimistic about the outlook for the U.K. economy and the potential for an eventual strong rebound in corporate profits. It is the intention to switch from gilts back into equities in due course. In the U.S.A. there are some encouraging signs for the future and although the economy is expected to remain sluggish in the short term the diversity of investment choice continues to provide many attractive opportunities. In the current year the Board expects revenue and earnings to show some improvement over the level of last year.

Copies of the Annual Report and Accounts may be obtained from the Secretary, ish Investment Trust PLC, 46 Castle Street, Edinburgh, EH2 3BR, Telephone 031-225 2348.



Extracts from Mr. F.R. Bentley's Statement circulated with the Accounts for the year to 29th January, 1982

It is pleasing to have a more favourable result upon which to comment. There has been strong support from within in both productivity and economy of overhead. The Group cash position has moved from net borrowings of £3,961,000 at the previous year end to a small credit balance giving us a sound cash base to finance hopefully increased working capital requirements and expansionist projects. Whilst there has been some short time working our manning levels have virtually been maintained.

These things are a source of comfort but are to be measured against current trading conditions which continue to be adverse. The order intake for work to process during the year, particularly in the first half of the year, showed disappointment at both Hopkinsons Limited and J. Blakeborough & Sons Limited. The former still has short time working and the latter a less than acceptable work load of higher margin products. Bryan Donkin Company Limited, whose contribution to the results was maintained, continues to perform well though affected by the home trade recession. Wolstenholmes (Radcliffe) Limited has lived with a lacuna in forward work which moved ahead during the year to yield a reasonable result but this gap still besets it. John Moncrieff Limited was and still is in adversity through continuing problems following the furnace re-build and shortage of orders despite the closure of competing producers.

Whilst we have reasonable order books they are not at present phased as one would wish but we have a strong base and are trading profitably overall.

in the light of the foregoing, your Board is recommending a scrip issue of Ordinary shares on a 1 for 6 basis participating in the final dividend for the year.

RESULTS FOR THE YEAR ENDED 29th JANUARY, 1982

·	1982	1981
	6,000	. 5,000
Tumover	54,714	44,013
•		
Trading profit	3,708	2,118
Profit before taxation	3,487	1.650
Profit after taxation	2,606	1,665
On 11.2m Ordinary shares in issue at year	rend .	
Dividend*	[:] 5.65p	<i>5</i> .65p
Earnings	23.11p	14.70p

*Final dividend of 4.15p for year ended 29th January, 1982 also payable on Scrip issue.

Hopkinsons Holdings p.l.c., Birkby Grange, Huddersfield HD2 2XB This Advertisement is issued in compliance with the requirements of the Council of The Stock Exchange

McCARTHY&STONE plc

(Registered in England No. 1148644) SHARE CAPITAL

Authorised 2,000,000

Ordinary shares of 20p each

satied and now 1,666,660

Placing by COUNTY BANK LIMITED of 1,249,995 Ordinary shares of 20p each

at 137p per share McCarthy & Stone pic principally designs, constructs and sells sheltered accommodation, with special security and other amenities, for elderly owner-occupiers in the South of England,

tion has been made to the Council of The Stock Exchange for the whole of the issued 8,333,300 Ordinary shares of 20p each in the capital of the Company to be admitted to the Unissed Securities Market. A proportion of the stares being placed is available to the public through the market. It is emphasised that no application has been made for these ecurities to be admitted to listing. Particulars of the Company are available in the Extel Unlisted Securitie and copies of such particulars may be obtained during usual business hours on any weekday (Saturdays and Bank holidays cepted) up to and including 23rd June, 1982 from:

County Bank Limited, 11 Old Broad Street,

de Zoete & Bevan. 25 Finsbury Circus, London EC2M 7EE

London EC2N 18B 9th June, 1982

assurance and investment market in the 1980's.

NATIONAL PROVIDENT INSTITUTION, 48 GRACECHURCH STREET, LONDON EC3V DBB.

ENERGY REVIEW

Three top men join **Standard Chartered**

Sir Denis Hamilton. Mr John Smellie continues as a non-Page and Sir Raymond Pennock executive director.

have been appointed to the board that the board of the of the STANDARD CHART-ERED BANK.

Mr Page, a former chief cashier and executive director of the Bank of England, is chairman designate of the Agricultural Mortgage Corp and on the hoard of the Nationwide Building

Sir Raymond is chairman of BICC, formerly deputy chairman of Imperial Chemical Industries and until recently president of the Confederation of British

Mr Robert Haslam has been appointed a member of the board of directors of CABLE AND WIRELESS and becomes a non-executive director. He is one of two directors nominated by the Government. Mr Haslam is deputy chairman of Imperial Chemical Industries.

Mr Anthony Burton has joined the partnership of stockbrokers.
McANALLY. MONTGOMERY AND CO. He continues as head of the firm's corporate finance department.

BANKERS TRUST COMPANY F NEW YORK has appointed Mr Magnus Lagercrantz vice-president in the world corporate department. Currently based in Frankfurt and responsible for business development in the Scandinavian multi-national corporate sector, he will transfer to London at the end of 1982.

Following the offer for FEDERATED LAND by the British Steel Corporation Pension Fund the following representa-tives of the Pension Fund have been elected to the board of Federated: Mr Claud Osborne, Mr Paul Oldham, Mr Stuart Colley, Mr Richard English and Mr Michael Clarke. Mr Arthur Richards has resigned as chaira non-executive director. Mr Osborne has been appointed chairman, and Mr Oldham has been appointed deputy chairman. Mr Peter Meyer has resigned as managing director, but remains on the board as a non-executive director. Mr Trevor Slater has been appointed managing director in his place. Mr Raymond Pyne continues as director and company secretary. Mr Cyril 1978

Parliamentary Under Secretary COUNTY PROPERTIES, the ERED BANK.

Sir Denis is chairman of Reuters and was formerly chairman and editor in chief of Times

Newspapers for Energy, touching on one of those sensitive essues that require deft footwork from politicians.

The problem confronting the

"RENEWABLE energies pro-

vide a very valuable insurance policy." says Mr David Mellor,

UK is the degree to which state

support is given to development of alternative energy sources-

such as the power of the sun, wind, waves and tides—at a time when the country has more than sufficient supplies of con-

ventional fuels.

Risking the taunt of being

complacent in the face of energy

self-sufficiency the Energy

Department has just decided to lower its research and development budget for renewable energies and conservation. During the current 1982-83 financial

year the department expects to

spend between film and film

as against about £13.6m during the previous 12 months.

the point of development of the

and Development for Fuel and Power (ACORD).

But the renewable energy

programme — particularly one

of the most promising of the

alternatives, a possible tidal barrage electricity generating

project in the Severn Estuary-

has also been caught in the

trap between energy projec-tions on the one hand, and the

Government's commitment to

The Energy Department is

still working on the energy fore-

casts that will be presented to

by other projections, little

The CEGB, backed by Energy

Ministers, remains committed

nuclear plants, to increase the

supply security which arises from a diversity of fuels, and to

peg the cost of base-load elec-

tricity generation. At present,

says the CEGB, alternative ener-

gies are not sufficiently cost-effective or technologically

next 20 years or so.

nuclear power on the other.

The department takes

ELBAR INDUSTRIAL has appointed M Ettenne Allard a director. He is a director of Tanks Consolidated Investments. NORMAN INSURANCE has

appointed Mr Walter H. Pride to the board. He was senior vice-president of INA Juternational

LAND DECADE EDUCATIONAL COUNCIL has appointed Major General R. P. W. Wall as its first

Mr David E. Tench has been reappointed chairman of the DOMESTIC COAL CONSUMERS' COUNCIL. He is legal adviser to the Consumers' Association.

Mr David Melzer has been appointed director of exploration and production of PREMIER CONSOLIDATED OILFIELDS. consolidated oil feels, replacing Dr James M. Dorreen who becomes a consultant to the company. Mr Melzer was previously director in charge of exploration at Tricentrol Oil Corporation. Premier Consolidated is a British independent exploration company.

Mr George D. Craigen, superintendent—branch department, head office, of THE ROYAL BANK OF SCOTLAND GROUP has been seconded to the group as head of group planning. Mr William Armitage, operational research analyst, head office, data processing systems plan-ning, has been seconded to the group as assistant head of group

the public inquiry into the Sizewell B pressurised water Mr Jan Capp has been appointed managing director of COLOURSET LITHO, Deptford. He was previously managing reactor early next year. Judging director of the Green Shield printing services subsidiary, growth in electricity demand is likely to be foreseen over the printing services Press and Post.

Mr James Luan appointed personnel director of SPINNEYS (1948). Previously to the view that new PWR he was personnel director of Linfood Holding. replace the first generation of

Mr Christopher Sharp has been appointed deputy chief executive of NORTHERN ROCK BUILDING SOCIETY. He has been an assistant general manager of Northern Rock since

Whitehall chill over renewable sources

By Ray Dafter, Energy Editor

GOVERNMENT SPENDING ON ALTERNATIVE ENERGY

DEPARTMENT OF ENERGY RESEARCH AND DEVELOPMENT BUDGET FOR RENEWABLE ENERGY AND ENERGY UTILISATION

		£'000 (outturn	prices)		
	. 1978/7 9	1979/86	1980/81	1981/82 (estimate)	1982/83 (forecast)
Wind	114	426	772	900	
Wave	1,766	2,963	3,316	3,900	٠
Geothermal	762	1,277	2,248	6,800	
Solar	132	1,118	78 9	\$00	•
Tide	85	612	1,409	400	
Biomass	· -	117	242	400	
Conservation	237	172	229	400	
Coal liquefaction an	4			•	
miscellaneous	28	312	480	300	
Totals	2,524	6,397	9,485	13,600	11,000-12,000
ETSU* Services	1,489	1,916	3,141	4,000	approx. 4,000
• Energy Technology	Support Unit, Ha	rwell .		Source: Dep	artment of Energy

view that the current spending level is all that is justified given advanced to compete nuclear generation for largevarious energy schemes and the general financial beltscale electricity generation. We are prepared to pay a tightening by Whitehall. It is significant premium to make a view based on a recommenda-tion by the Government's Advisory Council on Research sure we can harness renewables when they are needed," com-mented Mr Mellor, the junior minister with a particular remit

for alternative energies. But the reduction in research and development expenditure has angered some, including the Friends of the Earth. A new report* from the environmental pressure group describes the funding as "woefully small." The organisation calls for a

doubling of the budget. Somewhat predictably it contrasts the funding of alternative energies with the £221m nuclear research and development budget. Government energy officials argue that it is wrong to compare funding in this way given the much more advanced state nuclear power generation. One day, they promise, alterna-tive energies will receive the equivalent of the present nuclear funds.

Among others upset with the Government's proposals are Coventry (Lanchester) Polytechnic and SEA Energy Associates which have been working on the SEA Clam wave energy device, one of a number of wave generators being developed in the UK. They have been pressing the Energy Department for funding of a demonstration prototype. Such a unit would provide a " shop window" for exports, com-mented SEA Energy Associates. At the moment, however, view there is nothing to put in the shop window. They had set a target to the wave power

interests; produce a model which, on the judgment of independent engineering consultants, showed the promise of producing power for 3p per kilowatt hour and the Energy Department would consider spending around £10m on a seagoing 10Mw demonstration project.

According to Energy Department officials none of the wave-power ideas had "crossed the minimum hurdle," in spite of six years of Government funding at a cost of over £12m. ACORD has recommended that ' development work should be supported from the depart-ment's R and D budget." There is a good deal of irony

associated with that recommendation. For it coincided with news that Japan's Fuji Electric has been licensed to produce prototypes of a wave energy device developed at Queen's University, Belfast. The developed with a device. £250,000 grant from the UK Energy Department, is already being used in Japan. It was only a few years ago

wind generator on the site of a power station in Carmarthen Bay. Dyfed. Under this

as one of the most promising sources of Britain's future energy. "Wavepower is likely to be a front-runner for this country among the renewable energy sources," said Labour MP, Mr Alex Eadie when he was Parliamentary Under Sec-

retary for Energy in 1978. Certainly the UK seems ideally placed to take advantage of the energy in waves. In winter-when energy demand rises — the long coastline is pounded by waves. In theory wave energy could supply up to one-third of current annual electricity demand. But the technical problems of harnessing wave energy are consider-

The Government may not totally turn its back on wave energy. For it seems there is a likelihood the Energy Department will provide limited funds -certainly less than flm-for continued research and development work on a couple of favoured wave power projects. Most of this year's funding, probably around 75 per cent,

will go on two types of renewable energy which are regarded in Whitehall as particularly promising—wind power and geothermal energy (hot rocks). Two wind power projects are already in hand. The CEGB is building a pilot vertical axis

Under

sized generator will provide up to 200 kW of electricity, beginning later this year.

A more ambitious project is under way in the Orkneys where

two wind turbines are planned. A consortium called the Wind A consortium called the wind Energy Systems Group com-prising Taylor Woodrow Con-struction, British Aerospace Dynamics Group, and GEC Energy Systems—is now con-structing a 20-metre diameter generator with a power output of some 250 kW. When com-missioned later this year the machine should provide the North of Scotland Hydro Elec-tric Board with sufficient

electricity to meet the needs of about 150 homes.

But this is the first step towards the construction of a bigger, 60-metre diameter gene-rator. This 3 Mw machine, costing around £6.2m, is due to be commissioned in late 1984 or early 1985. When fully operational on Burgar Hill in Orkney the generator should provide the Hydro Electric Board with sufficient power to meet about one-seventh of the island's electricity requirements.

Within the Energy Department it is felt that wind energy will become competitive with other fuels towards the turn of the century, given the expected rise in oil prices. (Wind may be free but the construction, conversion and maintenance costs are not.) The department is working on the assumption that during the next 20 years oil prices will increase by between 50 and 100 per cent in real

No-one doubts that there will be plenty of wind available. A new book, published by the British Wind Energy Association, says there is more than enough wind available to meet the whole of the UK's electricity needs. But it was unreasonable to accept that more than 20 per cent of the country's supplies could be based on aerogenerators, given the variable nature of wind and the very large number of machines required.

In its recommendations to the Government, ACORD suggested that the funding of geothermal energy projects should also continue. Although these are unlikely to provide large-scale electricity generation opportunities there are many potential "hot rock" sites that could provide localised supplies of hot

power schemes, domestic and commercial heating, and per-£500,000 project this mediumhaps electricity generation

Two types of geothermal energy are being studied In Cornwall the Camborne School

of Mines has been impressing the Government with the speet with which it has been able to drill inrough granite to hot day, rocks. The school may be asked to drill and fracture further rock structures either in Com-wall or elsewirers, such as in-Scotland or County Durham. Geothermal aquifers can provide naturally-heated water suit able for community needs, as able for community needs as has been demonstrated in Southampton. Under a scheme, jointly funded by the Eherry Department and Southampton City Council, a well has been drilled in Southampton to provide heat for a new civic tons plex, existing council offices and the municipal swimming buths A similar project may now be undertaken in Humberside But it is tidal power the

Severn Barrage in particular which provides the Governmen with the opportunity of handsing natural, renewable empty.
in commercial quantities in the near future.
As a leading Govern

official commented: "Our re search into tidal power has reached the stage where we know pretty well what to do It is the stage we are trying to reach with other renew able energies."

Government studies have

already shown that it would be possible to generate up to 20 erawatt hours a year (about 10 per cent of present electricity demand in England and Weler at little more than 3p kW hour t But Ministers and officials are nervous that a Severn Barrage project would necessitate single, enormous throw." Costs of a barrage scheme are put £5.5bn to £9bn.

Whichever way the ministers turn, their posture will be viewed as an indicator of the Government's commitment to

Eclipse of the Sun? " Friends of the Earth energy paper No. 5, 377 City Road, London ECIV 1NA; 1982: £1.95. Energy Technologies for the United Kingdom, Vols 1 & T. 1979; SO: E3 and 15.75 respectively.

+Wind Energy for the Eightics British Wind Energy tion: Peter Peregrinus, Steven age: 1982; £19.50.



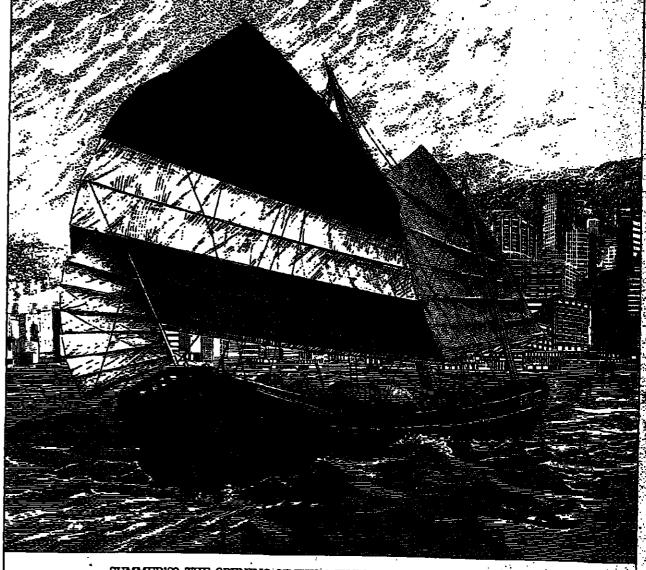
The money experienced world travelers carry

Experienced world travelers know better than in

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THE FRENCH STYLE OF FINE LIVING LANDS AT HONG-KONG.



SUMMER'82: THE OPENING OF THE 2 HOTELS MERIDIEN HONG-KONG.

The opening of the 2 Hotels Meridien Hong Kong now brings the unique French "art de vivre" to Hong Kong. One, located in the center of the city, puts you right in the heart of the bustling life of the Fared to Kal Tak international



We hope you'll soon be our guest in Hong Kong and experience for yourself the very special French style of fine living. Hotel Regal Meridien Hong Kong. Mody Road / Kowkoon. Hotel Regal Meridien Hong Kong airport. Sa Po Road / Kowkoon. Reservation lation: see your travel agent: wy France ticket office or in London call 493.06.09.

THE FRENCH STYLE OF FINE LIVING IN THE WORLD

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of the year to ensure that its the EEC over the next year. Mr export quota of 5m tonnes will Jan De Konig, Holland's agricul within the Community had failed observed, according to the Thai commerce ministry.

Export licences for manian exposts to the EEC during the current year to June 7 totalled 3.2m tonnes, leaving 1.8m for the rest of the year. Of the balance, im tonner will be allocated for the list quarter and 800,000 tonnes for between now and the end of September.

The ministry said growers will not be affected by the June-to-September slowdown, as this is the rain season and not suitable for nation root digging. He said tiere had been a rush for eight certificates of manioc projects following an agreement with the EEC last week to institute a system of

checking shipments. Application in the June 48 period totalle 1,074,449 tonnes. only 369,491 tonnes.

with the EC, 5m tonnes of exports and therefore unfair these discussions as the Commanioc products can enter the competition. "If the EEC is to munity has become the single EEC this par at a 6 per cent import tast while shipments aboye this vill pay 18 per cent.

Paln oil surcharge extended

BANJOK — Thailand will extend s 20 per cent surcharge on pair oil imports for another year Intil August 5 1983, deput commerce minister Thave Kraikupt told Reuter. The surcharge, introduced last par, is in addition to an import triff of 15 per cent.

Ir Kraikupt said the exten sie was necessary to help famers and the local vegetable of industry. It had been levied ater complaints that prices of inported palm oil from Malaysa wère nore competitive than he local products.

Statistis from the commerce ministry showed last year Thailand imported 31.9m litres of refined plm oil.

Less EEC sugar beet predicted

in the area sown for beet within must end " said Mr Cayre.

of European Beet Growers: (CIBE) in Amsterdam, said that a reduction in area sown from 2m hectares in 1981/82 to 1.8m hectares for pext year was likely. Sugar production by the EEC of about 15m tonnes during 1981/82 was exceptional with the stocks being held back by nition of this he added.

At the same congress Mr. Henri Cayre, President of the CIBE, rejected complaints from the U.S. and others about the EEC sugar export refund system.

The U.S. and ten sugar properiod totalld 1,074,449 tonnes, ducers had previously com-Certificates were issued for plained to GATT about EEC Under an earlier agreement effect meant subsidies for of the EEC being involved in Organisation, unfair and unfree market.

BANGKOK - The Thai LOW WORLD sugar prices justified accusations Government has shwed manior could cause a 10 per cent fall against it at Gatt and elsewhere exports to the EEC for the rest in the area sown for beet within must end "said Mr Cayre

According to Mr Cayre prices ture minister claimed pesterday. to keep pace with inflation and
The Minister, in a speech read

as most EEC exports went to on his behalf to a congress of developing countries as white the International Confederation sugar this did not adversely affect the market for raw sugar. On possible EEC membership of a new International Sugar

Agreement Mr Cayre said that the inclusion of isoglucose (metaly corn syrups) would have to be considered and that a full disclosure of the special provisions for Cuba's sales to Comecon countries should be made. Further the current fallure to make a distinction between the market for raw and white sugar would have to be

changed.
The International Sugar
Organisation recently agreed to
a two year extension of its 1979 agreement. During this period discussions should be held for plained to GATT about EEC drawing up a subsequent agree-pricing policies, that these in ment. ISO officials are hopeful join the Interantional Sugar largest exporter of sugar on the

W. African cocoa output rise forecast

ABIDJAN-Cocoa output in the (Nigeria), five main West African produc-ing countries is expected to rise to over 960,000 tonnes in 1981/82 from the previous season's said here.

440,000 tormes (412,000 in previous years being mixed with 1980/81), Chana's at 222,000, 1981/92 cocoa, with the result tonnes (225,000), Nigeria's at tonnes (143,000), Cameroun's at 115,000 tonnes (118,000), and Togo's at 15,000 tonnes (16,300). The experts said this was based on current purchases by

(Nigeria), Accra (Ghana), Abidian (Ivory Coast), Douala (Cameroun) and Lome (Togo). Output assessment is made more difficult by Ghana's 944,000, foreign cocoa experts evacuation exercise which has led to 110,000 tonnes of cocoa Ivory Coast output is put at held in the interior from

distorted In the Ivory Coast cocoa experts said purchases up to mid-May—no official figures are released by the Caisse de Stabilisation-were 412,000 tonnes. the marketing boards in Ibadan

that output figures have been

USSR may delay grain

purchase

WASHINGTON -- Senator Larry Pressler said Soviet officials told him they would not be making any large new purchases of grain from any supplier until September.

Speaking to reporters, Mr Pressler said, "I was told there would not be any grain purchases until September." Mr Pressler met with Viktor Pershin, director of the Soviet import agency, last week during a visit to the Soviet Union.

Grain traders here have long been concerned that the Soviets may be deliberately refraining from buying any grain now in an attempt to drive down prices before they resume purchases.

The U.S. Agriculture Department commented on Mr Pressier's statement "The Soviets certainly are not going to tell anyone about their buying plans."

When asked what motivation the normally reticent Soviet grain traders would have for disclosing their intention not to buy grain, Mr Pressler responded, "It was a surprise to me and to the (U.S.) embassy."

Mr Pressler told reporters he fekt Pershin's statement that the Soviets would not buy more grain before September was relevant only as it disputed prior speculation that they intended to make large purchases of make from Argentina this

"Some have speculated that the USSR would buy grain from Argentina to help in the Falklands Islands situation, but I was told there would not be any grain purchases until September," Mr Pressier said.

"This is significant because it shows the USSR will not be investing in Argentina to any great extent," he added.

917-18 + 15.0 920-96 957-58 + 16.0 920-96 957-58 + 16.0 995-75 993-94 + 16.0 995-75 1015-1009+17.0 1019-01 1035-36 + 14.5 1037-36 1053-57 + 13.0 -

Sales: 1,892 (3,879) lots of 10 tonnes, ICCO—Daily price for June 8: 71.43 (70.55). Indicator price for June 9: 71.20 (71.21).

New York based gains of £12,00-15.00 met resistance, reports Drexel Burnham Lambert. A continuation of the firms trend in New York together with lower starting encouraged a minor

Sales: 3,773 (2,382) lots of 5 tonnes. ICO Indicator prices for June 7 (U.S. cents per pound): Comp. daily 1979 123.17 (122.43): 15-day average 119.88 (119.84).

July wheat opened higher and traded irmer after its previous fall due to tothe profit-taking. Barley and new irop wheat ramained quiet, Acil

WHEAT

1219-20 +18.01220-05 1154-56 +16.01155-46 1111-12 +17.01111-00 1094-96 +14.01094-89 1080-89 +14.01080-78 1060-75 +9.0 1050-79 + 7.01068

TOBACCO

Cuba beats the blue mould

nearly destroyed three years ago, has almost recovered. The industry suffered setbacks when the crops of 1979 and 1980 were affected by blue mould fungus. The recovery was indicated by

last year's record crop of 52,000 tonnes, and was followed by a more modest crop this year. "The crop which has just ended has been normal," said

Sr Jaime Mas, director of Cubatobacco, the State agency in charge of the industry. "A crop between 40,000 tonnes and 50,000 tonnes is considered normal. We have not yet got final figures." The rehabilitation of the

industry has brought exports of Havana cigars back to near normal levels, although Cuba is still importing tobacco from countries such as Spain and Italy to shore up depleted stocks. The imports are expected to continue.

"In another two years we expect our stocks to be normal, ever, guaranteed the farmers end.

THE CUBAN tobacco industry, and then we will not need to import any more tobacco," Sr Mas explained.

hit the Cuban tobacco farms in 1978 and about 20 per cent of the 1979 crop was lost. Cubans were unprepared for the disease, and the following year they lost 90 per cent of their

tobacco.

The industry's losses in the two crops have been conserva-tively estimated at about \$625m. Factories were shut down, and over 20,000 workers were temporarily unemployed.

"It was a disaster," said Sr Osmin Arce, president of the Small Farmers Association in Pinar del Rio province, which produces 60 per cent of Cuba's tobacco. "We did not have the chemicals to deal with this attack."

The island's small farmers, who produce about 80 per cent of the tobacco, were hit equally as hard as the state enterprises. The Cuban Government, how-

Production in the 1980 crop fell to about 5,000 tonnes. In The blue mould fungus first 1979 Cuba imported 300,000 tonnes of tobacco to maintain supplies for its domestic market. and exports were curtailed. Cigarettes to Cubans were

rationed.

The attack of blue mould was finally tamed with assistance from Switzerland where a chemical was found capable of dealing effectively with the disease. It was expensive, and Swiss chemists and agronomists were asked to assist the Cubans in what turned out to be a painstaking process of treating every

tobacco plant. The success of the programme was reflected in the size of the

1981 crop.
"In the crop which has just ended there has been no indication of blue mould," said Sr Arce. "But we were affected by poor weather. We had too much rain at the start of the crop and it was too dry at the

committee has gone to the Minister for Primary Resources.

The report recommends that the

present export limit of 300 rams

be maintained, at least until the

stud industry has formulated

The minster has asked for the

What seems likely is that

proud Australian rams will still

be sold at public auction, so as

to give Australian's own graziers

In the corridors of world

trade, liberalisation of the

merino business is unlikely to

produce a ram jam. But in

Sydney's woolier circles last

night, it was speculated that it

might conceivably produce a

potent new market - merino

Australian

official reaction to the report of the Wool Council of Australia,

as well as the Aust Council of Trade Unions,

a chance to bid.

The recovery of the tobacco industry has allowed Cuba to set about expanding the market for its famed Havana cigars. The island has been providing cigars for the Davidoff label in Switzerland.

Sr Mas said a new agreement has just been signed by Cubatobaco and Alfred Dunhill of the UK. The agreement becomes effective in September, when Havana cigars with the Dunhill label will be launched in London. Cuba will produce about 1m of these Dunhill cigars in the first year of the agreement.

Cuba is aiming at producing about 100m cigars annually, with most of these being exported to Spain, Switzerland, France and the UK, Sr Mas explained.

An attempt is also being made to expand leaf tobacco exports most of which now go to the Netherlands, Belgium and Switzerland to be blended with other types of leaf.

Australia may ease ram export curb

BY MICHAEL THOMPSON-NOEL IN SYDNEY

AUSTRALIA'S "hands off" there was little evidence to suppolicy on the export of prize port the view that ram exports merino rams may soon be were threatening the home wool amended,

At present, there is an export limit of 300 rams a year, for and mining wealth, the merino in the great Australian outback and its wool are still crucial clear long-term views. But it the merino is idolised for its earners. links with the pioneer past, and for its crucial role in the

The export of merino rams has fuelled controversy for more than 50 years. But fears that the export of prize rams would create a wool mountain national overseas—notably in Russia, South Africa and South America—have been dismissed as unfounded.

Recently, the Merino Ram Export Review Committee toured were now more merinos outside Australia than within it, that foreign merino genetic material was in some cases as good as Australia's and that industry.

In spite of Australia's mineral earners. says rams worth less than In Cauberra, the Bureau of A\$1,000 should have no export

Agricultural Economics says it restrictions placed on them. establishment of Australia's expects the value of the Austra-farming wealth. approximately in line with auction prices, to around A\$1.74bn (£1.02bn). In 1929, when increased inter-

competition was threatening the livelihood of Australian producers, the federal government embargoed the export of merino rams. In the early 1970s the ban

was lifted, to be reintroduced five main wool-producing coun-tries. It discovered that there among growers. It was eventually relaxed, though some graziers, and some trade unionists, are still overly-touchy on the export of rams.

The report of the ram export

Record rapeseed crop forecast

THE EEC rapeseed crop could increase by 15 per cent or around 300,000 tonnes this year to a record 2.3m tonnes, according to the Hamburg-based weekly publication "Oil World." Such an increase would be almost doubt the 1979-80 figure of 1.2m and 21 times the 17977-1978 figure of 931,000 tonnes,

Western Europe eats less meat

Reuter

By John Wicks in Zurich

MEAT CONSUMPTION in the 12 main West European countries fell by 33.1 per cent by weight between 1970 and 1980, according to the European Confederation of Agriculture (CEA) in Brugg, Switzerland. This represents a drop of 22.4 per cent in per-capita consumption. Demand for meat declined. by a further 1.4 per cent in 1981,

the confederation adds.

Sovabean Oil -- July

[Soyabean Meal—July 162.3-182.2 [183.4], Aug 193.5-163.7 (164.4), Sept 185.5, Oct 187.0, Dec 191.0-191.3, Jan 193.5, March 197.0-198.0, May 203.0-204.0, July 207.0-208.0.

(19.37) Aug 19.84-19.65 (19.65), Sept 19.94, Oct 20.15, Dec 20.53-20.52, Jan 20.83-20.80, March 21.25, May 21.55-21.60, July 21.70-21.80.

†Wheat—July 344¹z-344¹a (348¹a), Sept 359¹z-359 (363¹z), Dec 382¹z-381¹a, March

LONDON OIL SPOT PRICES

Latest H	hange or—
CRUDE O(L-FOB (\$ per barrel)	
Arab Light	25
Arab Heav)	22
African(Bony Li'ht) 65,35-35,754	18

PRODUCTI-North West Europe (\$ per tonne)

GOLD MARKETS

was fixed at \$330.90 in the morning, and \$328.75 in the afternoon. The metal touched a peak of \$3311-332, and a low of \$3281-329. in Paris the 12th kilo gold bar was fixed at FFr 66,000 per kilo (\$330.60 per ounce) in the afternoon, compared with FFr 66,000 (\$331.23) in the morning, and FFr 64,400 (\$322.37) Monday

In Luxembourg the 12½ kilo bar was fixed at the equivalent of \$331.50 per ounce, against ozs.

GAS OIL FUTURES After opening around \$1.50 higher, the market exsed off to reflect an easier physical market. A rally in New York strengthened London, reports Pramier

	Man.			
	Month	Yest day's close	+ or	Business Done
,	June	\$ U.S. per tonne 294.50 293.25 293.25 294.50 296.50 299.00 301.00 304.00	-2.50 -1.71 -2.25 -1.00 -1.00 -0.50 +0.50	286,75-98,50 296,09-85,50 298,00
_	Turnover tonnes.	; 2,1 6 7 (1,	,746)	lots of 10

Golr nose \$6 to \$330-330\ in the
London bullion market yesterday. It opened at \$330\ 331\; and
was fixed at \$330.90 in the morning and \$328.75 in the afternoon.

\$323.45.

In Zurich gold closed at \$327330, compared with \$323.326.

In Frankfurt gold finished at \$329-330, against \$324\ 325\ 1.

Month	Yest'rday's	+or	Business
	ciose		
٠	& per troy	 	
August	188,08-8,29 189,78-8,00	+3,625 +3,600	189,20-7,40 —
October	191.75-2.10		199 <u>.95</u> —
December		+5.225	785,98-4,78
Turnova	r: 621 (572),	fots (of 100 troy

·			
j.	me 8		une 7
Gol Close	d Buillon (fine (£185-185½) (£184-185) (£184-778) (£184,778)	51000) \$524-5245; \$5251;-5241; \$322,90 \$525,25	(£181-181½) (£181-181½) (£180,492) (£181,775)
	Gold Coins Jun	. 8	· . ·

\$3583₄-3391₂ (£190-1901₂) \$1741₂-1751₂ (£98-881₂) \$89-90 (£50-501₂) \$351₄-371₄ (£201₂-21) \$3501₄-3304₄ (190-1901₄) \$781₆-79 (£44-441₄)

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BRITISH COMMODITY MARKETS

Aserco producer price rise. Tin ended at £8,642.5, Aluminium at £537 and Nickel at £2,935.

,				
COPPE	a.m. Official	+ or -	p.m. Unofficial	+ or t
·	. 2	£	*	ŝ
Higher of		+5	753.4	+6.5
3 mt	he 7775	+5	779,5-80	+6
Settlem		+5	_	
Cathode	741,5-2,5	4.25	744.5.5.5	+6.6
3 month	rs 768.9	1-5,76	770,5-1	+5.5
Settlem		+4.5	*68-76	
U.S. Pro	<u>a,</u>	<u>,</u> ,	-00-70	<u> </u>
	r—Amaigar			
reported	that in	the	morning .	cash
	Grade trad- £782.00,			
	7.50, 77.0			
months	£789.00. 1	(erbs:	Higher G	rade,
	nombs £7			
78.00.	Afternoon: £778.00.	High	r Grade,	three
MOUTHS MOUTHS	78.50, 79	//.5U, 100	79.50	ທ.ວບ, ທ ດດ
	- three ma			

Higher 6 81.00, 80	ira6e, the .00, 79.00, umover: 2	80.00 23,300		2.00 9.00
TIN	a m. Official	+ OF	p.m. Unofficial	+01
5 months Settlem's	6640-50 6635-45 6650	+45		+95
Gash 3 months	6640-50 6635-45	+55 +45	6540-60 6540-50	+50 +70

Straits E 1929.21	Ŀ
Tin-Morning: Standard: Cash £ 45, 40, three months £6,650, 80, 5	0, :
40. Kerbs: Standard, three m 68,640. Afternoon: Standard, months £8,660, 50. Kerbs: Star	thi
three months £6,640. Turnover: tonnes.	1,6
. S.M. + Ot p.M.	ī÷

tonnes.				
LEAD	a.m. Official		p.hr. Unofficial	
Cash 5 months Settlem't U.S. Spot	302,5-3 293	£ +4 +2 +4	293-4 304-5	+ + -
92.50, th 02.00, 01, months	ires mon 50, 02.00, £303.00,	ths 02,50 03,50,	£291.00, 1 £303.00, (). Kerbs: 04.00, (£303.00, (2 11 14

32.50, ti 02.00, 61, months Afternoon 04.00,	Moming: use mon 50, 02.00, £303.00, 1: Three m Cerbe: Th	ths 02,50 03,50, onths res. R	£303,00,). Kerbs: 04.00, : £303,00, :onths £3	02. Th 04. 05.
UMOVer	00, 05.00, 10,375 to 2.m. Official	nnes.	• • • •	
		·		-

ZINC	Official	-	Unofficia	<u>-</u>
Cash 5 months 5'ment Primw'ts	397-B 398	2 +2 +76 +3	2 398-9 398-5 32-37,75	+7
97.00, 9 months & Three m Kerbs: To	6.00, 97. 396.00, 99. onthe E3 hree mon	00. .00, 9 99.00, the f	months £3 Kerbs: 9.50. After 96.50, (401.00, 4 21,225 to	100 Thr 100 100 100 100 100 100
Atumiam	LM. Official	+ or	p.m. Unofficia	+

				ᅩ
Spot 5 months	2 515,5-6,5 536-,5	£ +1.75 +2.5	517_8	+
£539.00, 3 Kerbs: T	um - Mon 88.50, 38.0 bree mor	0, 37. ths	50, 37,00, £536.00,	36 35
	ı: Three m Kerba: Th			

			21,225 to		May 122.75 -0.26 118.70	•
hmiom	Lm. Official	+ or	p.m. Unofficial	+ or	117.55, Sept 108.60-108.55, Nov 112.25- 112.10, Jan 115.90-115.80, March 119.35 only May 122,85-122.75, Seles: 187	4
ot months	£ 515,5-6,5 536-,5	£ +1,75 +2,5	£ 517-8 537-8	£ +4,5 +4,25	lots of 10 Otonnes. Barley: Sept 104.80- 104.75, Nov 108.35 only. Jan 112.05 only, March 115.3 Sonly, May 118.70- 118.65. Sales: 60 lots of 100 tonnes. LONDON GRAINS—Wheat: U.S. Dark	444
539.00, 3 erbs: Ti fternoon 7.50. X	8.50, 38.0 bree mor : Three m	0, 37.1 ths : tonths ree : m	Three mo 50, 37,00, 3 2536.00, 3 2537.50, 3 nonthe £53 tonnes.	36,50. 35.00. 37.00,	Northern Spring No. 1 14 per cent June 111.25, July 110, Aug 109.50 tranship- ment East Coest sallers. English Feed fob Sept 112.25, Oct 114.25 East Coest sallers. Malza: Franch 1st half June 136 transhipment East Coest saller. S.	0 h 5 2 h 5 5
IICKEL	is.m. Official		p.m. Unofficial	+ or — t	setler. Barley: English Feed fob June 113.50, Jan-March 118 East Coast sellers. Rest unquored.	5
			2910-20 2940-50		HGCA — Locational ex-form short prices. Feed barley: S. West 111.10, 1. West 111.20. The UK Monetary Conficient for the week beginning	

·	
: 1	Nickel-Morning: Three months
	£2.941. 40. Kerbs: Three months
٠	£2,940. Afternoon: Three months
ı	£2,945, 50, 45. Kerbs: Three months
1	12,950, 25. Turnover, 720 tonnes.
	* Cents per pound. # MS per kilo.
П	† On previous unofficiel close.

BASE METALS Base-Metal prices gained ground but closed below the day's highs reflecting the decline in sterling seginst the deliler. Copper touched £783 in Initial dealings, boosted by overnight gains on Comex, but subsequently eased to close at £778.5 with trade selling noted in the morning rings. Lead was finally 200.8c, up 17.2c; six months 653.2c, up 16.5c; three-month in the morning rings. Lead was finally metal opened at 341.3449 (612-615c) and closed at 339.342p (604-608c).

SILVER Bullion + or LME, +or fixed producer price rise. Tin ended

	è	£		1	12months 382,00p +8,15
High@rde					LME-Turnover 80 (88) lots of
Cash	750.5-1	+5	753.4	+6.5	10,000 ezs. Morning: three months
	7775	+5		+6	350.0, 50.6. Kerb: three months 350.5,
Settlem't	751	+5	1 - 1		51.0. Afternoon: three months 349.00.
 Cathodes 	L	ί.	l		48.50, 50.00, 49.50, Kerb; nil.
Cash	741,525	14.25	744,5-5,5	+6.5	10100 00100 101001 112101 1111
3 months	768,9	+8,76	770,5-1		COCOA
Settlem't U.S. Prod.	748,5	+4.6			COCOA
U.S. Prod.	<u>. </u>		*68-76	<u> </u>	Futures traded quietly at unchanged
reported Higher Gr months £ 78.00, 77.	that in ade trade 782.00, 1 50, 77.00	the ed at 81.00	Metal Tre morning £751.00, 80.50, 8 athodes, Higher G	cash three 0.00, three	levels but commission house, and jobber short-covering after the New York opening caused prices to close at the highs. Actuals business was scarce, reported Gill and Duffus.
three mo	niths £7	77.50,	77.00, 7	77.50,	COCOA Yest'day s + or Business Close - Done
months f	778.00,	77.ŠO,	78.00, 7 79.50, 8	78.50 ,	July 892-93 +15.0 893-71

three may 78.00. A months 78.00. 7 Cathodes, Higher 6 81.00, 80. 78.50. T	789.00, K onths £77 fas.moon: £778.00, 7 8.50, 79 , three mo irade, thr ,00, 79.00, umover: 2	77.50, Highe 77.50, .00, entira se m 80.00 23,300	77.00, 17 Grade, 78.00, 79.50, E771.00. 1 1001tts E7 0, 79.50, 1001nes.	77.50, three 78.50, 80.00. (erbs: 82.00, 79.00,
TIN	a m. Official	+05	p.m. Unofficia] -
High Grad Cash 5 months	6640-50 6635-45	£ +35 +45 +30	6840-60 6660-80	£ +55 +95

Cash	+45 +30 50 +35 15 +45 +38	6540-80 6540-60 6540-50	+9
NewYork		<u> </u>	_
Tin-Morning: 45, 40, three mo	ntha £6,	,650, 80, SI	J, 3

6, 40, the 5,640. On the 10 months 1	rise month rise: Stan Afternoon 28,680, 50 nthe £6,64	18 £6, dard, n: S . Ko	650, 80, 50 three me tandard, erbs: Stan Turnovar:), i oni thi da 1,0
LEAD	a.m. Official	+ 01	p.hr. Unofficial	<u>;</u>
	8	æ	3.	

:ttlem't	302,5-3 293	+4	304.5 25.7	Į÷.
Lead	Morning: hree mon 50, 02.00, £303.00,	Cash fi ths £ 02.50.	303.00, Kerbs:	02.1 Thi
fremoor 1.00.	1305.00, n: Three m Kerbe: Th 100, 05.00,	onths : res. The	E303,00, inths E3	05.I

	Official		Unofficial	•
Spot 8 months	2 515,5-6,5 536-,5	£ +1.75 +2.5	£ 517-8 537-8	11
£539.00, 3 Kerbs: T	28.50, 38.0 hree mor	0, 37. tths	Three mo 50, 37.00, 3 2536.00, 3 2537.50, 3	6. 5.

.00. Turnover: 7,909 tonnes.					
ICKEL	a.m. Official	+ or -	p.m. Unofficial	+•	
ot nonths	2890-900 2935-40	+16.5 +6	2910-20 2940-50	+30	
Nickel Morning: Three months					

RUBBER The London physical market opened standar, envected train interest throughout the day and chosed on an essist note. Lawis and Past recorded a June tob price for No. 1 RSS in Kuels Lumpur of 207.5 (203.0) cants a kg and SMR 20 179.5 (177.5).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
July Aug	57,96-52,40	52.70-52.50 52.30-52.60	i —
oct Dec	55,58-53,40 55,88-55,90	55,80-55,90 56,00-58,90	52,79-51,70 54,40-55,40 56,60-56,80 58,48-57,78
liv-Seot	69,10-70,60 62,10-62,20	60,20-80,30	60,60-60,10 62,56-62,18
Sales:		lots of 1	

Physical closing pinces (buyers) were: Spot 51.00p (51.50p); July 50.75p (51.00p); Aug 51.50p (51.75p), SOYABEAN MEAL The market opened 50p higher on follow-through buying, reports T. G. Roddick. Prices eased on mixed sell-

ng before f buying.	irming on (:OMMI	sion house
	Yesterdys Close	+_or	Business Done
	s per tonne	ĺ	
June August October	180.00-50.1 181.40-81.5		129,50-28,20 139,00-29,48 151,50-59,88
Dac, Feb	154,80-55.2 157,50-58,5	+1.15	— —
April	167,50-68.5	+0.10	

Sales: 176 (140) lots of 100 tonnes SOYABEAN OIL-The market opened SOYABEAN OIL—The market opened \$5.00 higher in quiet conditions, reports T. G. Roddick. Prices remained in narrow renges and closed around opening levels. Closing prices and business done (U.S. \$ per tonne): June 500.00-15.00, 515.00-00.00; Aug 500.00-01.00, 502.00-01.00; Oct 503.50-04.50, 503.50; Dec 507.50-10.50; S09.50; Feb 513.50-15.50, 513.00-10.50; April 517.50-19.00, 519.50; June 520.00-20.50, untraded. Turnover: 51 (91) lots of 25 tonnes.

SUGAR LONDON DAILY PRICE—Raw augar £103.00 (£101.00) a tonne cil June-July shipment. White sugar daily price £131.00 (£130.00).

No.4 Con- tract	Yesterday Glose	Previous close	Business dons
	£ pe	r tonne	
Aug Oct	1108,25-88.40 111,85-11,70	1111,10-11,25	1118,50-10.5

Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne fob for home trade and £208.00 (£208.00) for export. International Sugar Agreement (U.S. cents per peund) fob and stowed Caribbean ports. Prices for June 7: Daily price 7.06 (6.97): 15-day average 7.63 (7.67).

WOOL FUTURES

LIVERPOOL-No spot or shipment sales

selers. Rest unquoted.

HGCA — Locational ex-larm shot prices. Feed barley: S. West 111.10, N. West 111.20. The UK Monetary Coefficient for the week beginning Monday June 14 (bessed on HGCA calculations using five days' exchange rates) is expected to change to 0.519.

_				
	Metals		! !	
	Aluminium	2810/815	l i	£810/815
70	Free Mkt	8915/945		8975/1005
0	Copper			
0	Cash h grade	£753,5	+6.5	£859.25
ē	3 mths			£888_25
	Cash Cathode_	£745	+6.5	2852.5
8	3 mths	\$770.75		£881,25
0	Gold troy oz	2330,375	+6	\$532,25
,	Lead Cash	£293.5		2317.825
,	_ 3 mths	£304,25 £3922		2331,675
)		#5922 235:265c		£3974 2597260c
ć	Free mkt	Z3DIZ000		TORIZONG
,	Platin'mtr oz'y	2060	1	£960
	Freemkt	£160 55	134	£169.90
	Quickslivert	8365,575		\$365/889
	Silver troy oz	339.80	+8.60	364,30p
n	3 mths	350.25s	+8.85	376.20p
i.	Tin Oneh	LP-EEEO	+55	£7080
-	3 mths	£6645 Ì	∔70	£7217.5
a	Tungsten29_Bib	\$111.68		\$106,98
	·			
_	Wolfrm 22,4Pbs	\$118/115		\$188:11C
	Zinc Cash	\$398.5	+7	2412,25
	3 mths	£398.25		2418,25
-	Producers	\$860/900		\$680/908
	Oils .	. :	,	
	Coconut (Phil)	250511	+5	8490
đ	Groundnut	ŧ		\$670
ē	Linseed Crude	£38Ğ		1
ă	Palm Malayan	8510	***************************************	\$51Ò
	Seeds	i i	i i	i
	Copra Ph lip	\$332.5u		8330
	Soyabean (U.S.)	\$260,5	+4,5	\$274,25
-	Grains		,	!
-	BarleyFut. Sap	£104,85		£104,95
đ	Maize	£136.00		£137.50
!-	Wheat Fut.Sep	2108,60		£123,95

No.8HardWint # # commodities Cocoa ship to 2918 +15 21001 Future Sept 2917.5 +16 2980.5 Cotton Andex 75.65c -77.05c Gas Oil July 8292.75 -2.5 8286 Rubber (kije) 51p -0.5 55p Sugar (Raw) 5105u +2 2118 Woolf ps 64s kl. 397p kilo 389pkilo #Unquoted. u.June-July. wMay-June. y.July. fPer 76th flask. *Ghana cocce. nNominal. \$Seller.

HNDICES-FINANCIAL TIMES June 7 June 4 M'th ago, Y'ar ago 250.80 229.79 242.35 255.48 (Base: July 1, 1952 = 100) REUTERS June 8 June 7 M'th ago Y'ar ago 1517.6 1508.8 1577.1 1762.4

> June 7 June 4 M'th ago, Y'ar ago 991,5 984,7 1008,6 1086,3 (December 31, 1931 = 100) DOW JONES Dow June June Month Year Jones 7 4 ago ago Spot 123.74 199.07 125.32 — Futr's 124.37 122,84 128.65 —

(Base: December 31, 1974 = 100)

(Bass: September 18, 1931 = 100)

MOODY'S

market was very quiet and slightly easier, reports Coley and Harper. Closing prices Nov 65.00, -0.20 (high 85.00, low 64.60); Feb 73.50, -0.50 (high 73.60, low 73.40); April 63.50, -0.90 (high 83.80, low 83.10); May 94.00, -0.30 (high 94.00, low 93.50). Turnover: 118 (161) lots of 40 tonnés.

HIDES—Birmingham: The market was mostly unchanged. Second clears. Ox: 31-36.5 kg 58.5p a kg (58.5p): 26-30.5 kg. 65.5p a kg (83.0p): 22-25.5 kg. 70.2p a kg withdrawn (70.0p). Light cowa: 25.5 kg. 68.0p a kg (67.5p).

MEAT/FISH

were recorded. Traders were cautious and avoided forward contracts. Too many uncertainties surrounded the bustlities in various parts of the world for interest to be widespread, and dealings remained light.

POTATOES

LONDON POTATO FUTURES — The SMITHFIELD—Pence per pound. Beet: SMITHFIELD—Pence per pound. Beet

AMERICAN MARKETS

NEW YORK, June 8.
PRECIOUS METALS, Copper and Cotton came under pressure from profit-taking. Sugar sold off modestly on commission house selling. Heating oil was limit up or charply higher on the uncertied Middle Eastern situation. Meize and Wheat were alightly lower on a favourable crop report, reported Heinold.

inold. *Gold—June 331.0-332,0 (338.4), ily 333.8 (338.9), Aug 337.0-337.7, rt 344.5-344.8, Dec 352.0-353.5, Feb 0.5. April 368.5, June 378.8, Aug

Oct 344.5-344.8. Dec 352.0-353.5, Feb 360.5, April 368.5, June 378.8, Aug 378-3874, May 4034, April 418.6. Potatoes (round whites)—Nov 78.3-8.5 (78.5), Feb 86.6 (87.0), March 89.6, April 100.5, Sales: 114. Saltver—June 605.0 (618.0), July 108.5-810.0 (622.5), Aug 617.1, Sept 523.0-825.0, Dac 647.0, Jan 655.5, March 570.9, May 666.3, July 701.7, Sept 717.1, Dac 740.0, Jan 655.5, March 760.400 (592.50). CHICAGO, June 8. Lard—Chicago loosa 24.00 (same). Live Cattle—June 70.75-70.90 (70.20), Aug 63.30-63.20 (63.65), Oct 60.80. 61.00, Dac 61.35-61.65, Feb 61.25-61.55, April 61.10-61.40, June 62.30. Live Hogs—June 59.55-59.90 (60.42), July 57.40-57.60 (58.70), Aug 56.00-55.0, Oct 51.55-510. April 49.00, June 62.30. Saltver—July 273-273* (274*a), Sept 273 (274), Dec 277-277*, March 2714, Dec 277-277*, March 2714, Dec 277-277*, March 2715, Pork Bailles—July 3007*, July 307*, Pork Bailles—July 77.25 (78.92), Aug 77.25, July 49.75. 118-91.50. April 49.00, June 87.00 (17.50), April 49.0

72.50. May 75.15, Aug 75.15, Aug 75.15, Aug 75.15, Aug 75.15, Aug 75.15, Aug 8372, (639), Sapt 639, Nov 6472, 6393, Sapt 639, Nov 6472, 639, Sapt 639, March 6802, May 347.0-346.5 (328.9), Dec 6392, July 7052, July 7052, 347.

EUROPEAN MARKETS

EUROPEAN MARKETS

ROTTERDAM, June 8.

Wheat—(U.S. \$ per tonne): U.S.
Two Dark Hard Winter 13.5 per cent
July 179.50, Aug 180.50. U.S. No.
Three Amber Durum June 176, July
178, Aug 181, Sapt 184, Oct 187, Nov
181. U.S. No. Two Northern Spring
14 per cent June 178, July 177.50,
Aug 177, Sept 177.25, Oct 179.50, Nov
182.50, Dec 187. Canadian Western
Red Spring June/July 200.
Malze—(U.S. \$ per tonne): U.S. No.
Three Yellow (affoat 130, June 130,
July 130, Aug 129.50, Sept 129, Oct/
Dec 127.75, Jan/March 135.50 seliers.

Soyabsans—(U.S. \$ per tonne): U.S.
Two Yellow Gulfports June 254.50,
July 256.50, Aug 258, Sept 253.50,
Oct 255.50, Nov 255.50, Dec 261, Jan

268.25. Feb 270.25, March 274 sellers.
Soyamesi—(U.S. \$ per tonne): U.S.
Cot Z20, Nov/March 237 sellers.
227, Oct 230, Nov/March 2237 sellers.
PARIS, June 8.
Cocoe—(FFr per 100 kilos): July 1180-1190, Sept 1038-1040, Dec 1076-1080,
March 1120-1135, May 1150-1160, July 1180-1190, Sept 1038-1040, Dec 1076-1080,
March 120-1135, May 1150-1160, July 1180-1170, Dec 1410-1415, March
July 256.50, Nov 255.50, Dec 261, Jan

Oct 255.50, Nov 255.50, Dec 261, Jan

1500-1502, May 1548-1551, July 15801590. Seles at call: 33.

bulk of produces: Oranges—Cyprus: 15 kg Velencia Lates 3.20-6.50: Jaffa: 20 kg Valencia Lates 3.20-6.50: Jaffa: 20 kg Valencia Lates 56 6.25, 60 6.25, 75 8.25, 86 5.85, 105 5.50, 123 4.85, 105 5.50, 123 4.85, 105 5.50, 123 4.85, 105 5.50, 123 4.85, 105 5.50, 123 4.85, 105 5.50, 123 4.85, 105 5.50, 123 4.85, 105 5.50, 123 4.85, 105 5.50, 123 4.85, 105 5.50, 123 4.85, 105 5.50, 123 4.50, 188 4.50: Moroccan: 18 kg Valencia Lates 48/113 3.80-6.60; Spanish: 16 kg 6.00: Israeli: 4.20-4.80. Pineapplez—Vory Coast: Each 0.40-1.20. Custpan: Nevels 40 5.35, 48 5.40, 56 5.85, 72 5.80, 88 5.10, 112 4.50, 138 5.85, 150 3.50. Lemohas—Spania: Trays 5 kg 49/50 1.40-1.80: Jaffa: 16 kg 90/123 4.50, 320 4.00; Outspan: 167- kg 80/180 4.50- 62.0. Grapefruit—U.S.: 15-17 kg Floride Ruby 8.20-5.00: Cyprus: Small carconas 17 kg 3.20-5.00: Jaffa: 20 kg 27 4.25, 32 4.48, 36 4.55, 40 4.90. 48 5.25, 58 5.30. 64 5.15, 75 4.95, 88 4.00; 5.30-6.00. Custpan: Small carconas Fermania Science Per 26-28 lb 3.00-4.00: Bestroots—Per 26-28 lb 3.00-12.00; Jonathan 11.00-11.50; Tasmanian: Golden Delicious 18 kg 8.00-11.50; Tasmanian: Golden Delicious 18.00-12.00. Granny Smith 10.50-11.00. Sturmer Pippins 11.00-11.50: Australian: King Cole 12.00-12.50; New Zaaland: Red Delicious 11.00-11.50; Tasmanian: Granny Smith 10.50-11.00, Sturmer Per pound 0.50-1.50. Calery—Per 12/30 3.00-3.50. Broad Beams—Per 20 Inches 11.00-11.50; Tasmanian: Granny Smith 10.50-11.00, Sturmer 11.50: Tasmanian: Per pound 0.50-1.50. Apples—Per 12/30 3.00-3.50. Broad Beams—Per 20 Inches 11.00-11.50; Tasmanian: Red Delicious 12.00-13.00, Per 20 2.00-2.50. Respherries—Per 4-cz pound 0.50-1.50. Apples—Per 20 2.00-2.50. Respherries—Per 4-cz pound 0.25-0.35. Respherries—Per 4-cz pound 0.25-0.35. Respherries—Per 4-cz pound 0.25-0.35.

PARIS, June 8.
Cocoa—(FFr per 100 kiloa): July 570-990, Sept 1038-1040, Dec 1076-1080, March 1120-1135, May 1150-1160, July 1180-1190, Sapt 1220-1230. Sales at Call: nil.
Sugar—(FFr per tonne): July 1425-1440, Aug 1436-1437, Oct 1406-1407, Nov 1400-7410, Dec 1410-1415, March 1500-1502, May 1549-1551, July 1580-1590. Sales at Call: 33.

100-120 ib 40.0 to 53.0, 120-160 ib 37.5 to 50.5.

MEAT COMMISSION—Average fetstock prices at representative markets. GB—Sheep 145.36p per kg (w (~3.70); GB—Sheep 145.36p per kg est dow (~2.8.46). GB—Sheep 145.36p per kg est dow (~2.8.46). GB—Pigs 65.97p per kg est dow (~2.8.46). GB—Pigs 65.97p per kg est dow (~1.12).

GRIMSBY FISH—Supply good; demand fair. Prices at strip's side (unprocessed) per stone: Shelf cod (2.80-64.00, codlings £2.80-63.60; large haddock £4.00-£4.30, medium £3.40. large plaice £2.60-£4.00, ameli £2.00-£2.40; large plaice £3.60-£4.20; large sakined doglish £5.00, medium £3.50; large lamon soles £7.00, medium £5.00; rockfish £1.50-£2.60; saithe £1.70-£2.70.

COVENT GARDEN—Prices for the bulk of produce in starting par package except where otherwise stated. Imported Produce: Oranges—Cyprus: 15 kg Valencia Lates 3.20-6.50; laffa; lates 7.00 with the control of Guatemela: 10 kg yellow 6.00; Spanish: Gelia 3.00-4.00, yellow 10 kg 5.00-5.50; Colombian: Grean 10 kg 6.00; Israell: Yellow 7.00. Water-melons—Spanish: 18 kg 6.00; Israel: 4.20-4.80, Pinaapples—Ivory Cosst: Each 0.40-1.20,

هكذا من لدَّعل

Getting it together at GM

formed Worldwide Truck and of heavy-duty manufacturers. U.S.

Bus Group is emerging as the GM has divested several It will be the most ambitious Bus Group is emerging as the nucleus of a corporate plan to consolidate management of its currently scattered truck manufacturing, design and components operations now run by several U.S. based divisions and overseas subsidiaries.

Centralising GM's truck operations, which accounted for 18.7 per cent of its worldwide unit sales in 1981, is said by company executives to be a step towards entrancing the com-pany's ability to design major vehicle components which can be manufactured with only minor variations anywhere in the world.

The so-called "world bruck" has been an elusive goal for vehicle manufacturers, however, mainly because local market demands and regulations governing truck weight and design features prevent genuine uniformity. All the same the potential benefits of economy of scale and savings in development costs make it an attractive

"Take vans, for example," says Mr Donald J. Atwood the GM vice-president in charge of the truck group. "We make the truck group. "We make vans in Europe, South America the truck group. "We make co-ordinated with Bedford and manufactures engines for GM vans in Europe, South America and other countries. We could be making a series of vans on 45 per cent interest. "manufactures engines for GM trucks in addition to supplying other truck companies: about 30 per cent are produced for overthe same platform—the basic chassis. There could be some cross-coupling of components, efficiencies in manufac-

BY OUR FINANCIAL STAFF

sales dipped only slightly, from \$1.47bn to \$1.34bn. At the nine-

month stage, earnings are down

by 25 per cent to \$167.4m or a

The earnings totals are, how-

methods and losses on closures

of some operations.

fully diluted \$2.05 a share.

interest rates.

Gulf & Western decline

A FALL in third quarter earn- recession and the level of in-

ings reported by Gulf and Wes- terest rates has caused "further

tern Industries, the widely deterioration" of most sectors

diversified industrial group, was of the economy in which

expected, says the board, and is G and W operates. In particular,

blamed on the economic reces- the group's sugar operations-

sion and the continuing high part of the consumer and agri-

\$75.8m to \$35.3m or 44 cents a earnings, are still being hit by share fully diluted in the quar-

ter ended April 30, although markets and by the severe frost

gains, by changes in accounting \$255m to a peak \$291m on

The board comments that the cent of group profits.

in Florida

board points out.

ever. distorted by investment Western took earnings from than last year.

Net earnings dropped from in 40 per cent of last year's

heavy equipment operations, attempt so far by GM to comost recently the sale of Terex ordinate its earthmoving-equipment subsidiary, to IBH Holding of West Mr Atwood expects to streng-Germany, in which GM retains then the connection by direct

As part of its new strategy to manufacture and sell trucks on a worldwide basis, General Motors, the world's leading carmaker, is expected to develop a medium-duty van for the Bedford commercial vehicles division of Vauxhall Motors of the UK which could become the basis of a design for other GM facilities. DANIEL McCOSH in Detroit reports

facilities.

seas markets.

ordinate engineering programmes in several countries.

the basis of a design to be

manufactured in other GM

Along with the truck manu-

facturing and design consolida-

tion, the new truck and bus

group will oversee GM's heavy-

Largest is its diesel and heavy

transmission arm, the Detroit Diesel Allison division which

BY OUR FINANCIAL STAFF

probably be upset in the second

Fluor, the major engineering

However, the directors are

endeavouring to mitigate any

adverse effects by continuing to

Fluor has reported net income

for the first half of the fiscal

1982 year or \$82m or \$1.04 a

There were more shares out-

For the whole of fiscal 1981,

aggressively market the com-

pany's services and products.

and construction group.

a 17.8 per cent interest. Its data communication via comlight and heavy-duty truck puter link-up and satellite. The manufacturing up to now has been done by its U.S.-based GMC first a medium-duty van for Truck and Coach division, part Bedford which would become of its Chevrolet passenger car division, GM of Canada, and several of its overseas subsidiaries, the largest of which is Bedford commercial vehicles division of Vauxhall Motors of the UK.

The immediate impact of the reorganisation is to bring truck manufacturing in the U.S. and Canada under a single division,

Operating responsibility for Bedford and Hua Tung stays at The consolidation and GM likewise is building a "arms length," according to Mr strengthening of GM's world-heavy-duty diesel plant in Tai-Atwood, and he intends to re-wide truck operations is aimed wan for Hua Tung, which will Bedford and Hua Tung stays at Atwood, and he intends to re- wide truck operations is aimed GM's interest in reorganising the U.S. and Europe. However, take advantage of future growth that company's needs.

cultural division which brought

However, six out of the seven

GENERAL MOTORS has been quietly, but quickly, moving ahead with a new strategy to manufacture and sell trucks on a worldwide scale. Its recently-formed Worldwide Truck and data manufactures.

Its truck activities stems partly from a growing body of opinion engineering programme that would link Bedford with a new bhasised the developing markets will be engineering centre at accelerating the concentration of the manufactures.

The formed worldwide truck activities stems partly from a growing body of opinion engineering programme that would link Bedford with a new phasised the developing markets will be accelerating the concentration of the manufactures.

The formed worldwide truck activities stems partly from a growing body of opinion engineering programme that would link Bedford with a new phasised the developing markets will be accelerating the concentration of the manufacture and sell trucks on a worldwide scale. Its recently-from a growing body of opinion engineering programme that would link Bedford with a new branched truck sales is uncleared to the current slump in the concentration of the current slump in the concentration of the current slump in the current sl

"These markets had high growth rates in the 1970s and are projected to continue to be strong in the 1980s," Mr Mc-Donald said, noting that they accounted for 19 per cent of world truck sales in 1979.

While CM's truck strategy concentrates first on rationalising U.S. and European operations, ultimately it is expected to include Asian markets as

The strongest tie is with Isuzu Motors of Japan, in which GM holds a 34.2 per cent interest. As part of a small-car develop ment programme GM recently invested \$200m in Isuzu, which is expected to raise its equity to 40 per cent on conversion of the

Isuzu is currently ranked seventh among world truck producers of vehicles over six tons gross weight. A GM-Isuzu tie-up would make their combined output the largest in the world. ahead of Daimler-Benz. Isuzu, which formerly built a light pick-up sold by GM in the U.S., has been reported interested in intering the U.S. medium-duty market. But GM's main interest at this point appears to be to gain a manufacturing base in Japan.

tain existing badge names in at positioning the company to ultimately supply 50 per cent of

or \$2.83 a share. The total was

For the current year, Fluor

expects to benefit from the

inclusion of a full year from St

Joe and also from higher pro-

duction at the Buchan North

Fluor said that its four

operating units continued to

trade on a profitable trend, with higher earnings recorded

at the engineering and con-

struction groups and also at the

drilling service division.

The first quarter of this year

showed a substantial rise in

net income, which largely

silver subsidiary.

Sea oilfield.

Cautious outlook at Fluor

OPERATING RESULTS will from \$132m to a record \$159m

half of this year by the world- held back by costs involved in

wide economic climate, says the acquisition of St Joe Fluor, the major engineering Minerals, thec cal lead, zinc and

the U.S., pushed earnings ahead reflected the inclusion of St Joe

£30m Clore wins the battle for Eurobond issue for French bank

By Peter Montagnon, Euromarkets Correspor

A £30M five-year issue was launched by Banque Fran-caise du Commerce Exterieur yesterday in the Eurosterling market, the first bond in this setor since March.

The issue, which comes at a time of declining UK incurrency, bears a coupon of 141 per cent and issue price of par. It is led by S. G. Warburg. Some bankers said yester-

day that the Eurosterling market now looks ripe for a more sustained flow bonds, although, as in other sectors of the Euromarket, the danger of excess remains. Both the Eurodollar and D-mark markets continue to suffer from this syndrome. Dealers in dollar bonds said

yesterday they saw some consolidation after Monday's sharp price falls, but trading activity was mainly confined activity was mainly conined to professionals whose short-coverings pushed selected issues off their lowest levels.

Demark bond prices fell by up to 1 point, with the strong dollar adding to the mood of depression. Today the Inter-American Development Bank is scheduled to laurely a

is scheduled to launch a DM 150m issue, the largest in this month's calendar.

Yesterday the bank launched a F1 100m 101 per cent 10-year issue on the Dutch market through Algemene Bank Nederland and Amro. Also launched yesterday for the Quebec urban com-

munity was a C\$15m six-year 16? per cent issue at par through BNP, Banque Bruxelles Lambert and Wood Gundy. The Province of Saskatchewan is raising SwFr 100m through a 10-year issue with an indicated yield of 61-62 per cent through Credit Suisse.

Currency-hedge bonds offer on Swiss market

By John Wicks in Zurich

A GROUP of Swiss banks led by Soditic SA, of Geneva, is next week to offer the first currency-hedged bonds to be issued on the public capital market. The borrower is the Curacao-based Transamerica Financial Corporation, which last year pioneered currency-Baker Int. Fin. 0.0 \$2 225
BHP Financs 144, 89 ... 150
Bk. Amer. NT SA 12 87 ... 100
Bk. Montree! 142, 87 ... 100
Bque. Indo Suez 15 89 100
British Col. Hyd. 144, 89 200
Burroughs Int. 154, 88 100
British Col. Hyd. 144, 89 200
Burroughs Int. 154, 88 100
Canadair 157, 87 ... 150
Canadair 157, 89 ... 100
Citicorp 0/S 15 84/82 100
Citicorp 0/S 157, 85/97 125
CMA 157, 97 ... 75
Con. Illinois 153, 89 ... 100
Citicorp 0/S 159, 88 ... 100
Duke Pevr. 0/S 157, 89 ... 150
Duke Pevr. 0/S 157, 89 ... 150
CESC 144, 87 ... 50
ELS 157, 89 ... 150
ELS 157, 89 ... 150
Gen. Elec. Cradit 0.0 92 400
Gen. Elec. Cradit 0.0 92 400
Gen. Elec. Cradit 0.0 93 400
Gen. Elec. Cradit 0.0 93 400
Gen. Elec. Cradit 0.0 93 400
Gen. Elec. Cradit 0.0 93 400
Gen. Elec. Cradit 0.0 93 125
GMAC 0/S Fin. 15 89 125
GMAC 0/S Fin. 15 87 100
Gulf Canada Ltd 144, 92 ... 100
Gulf Canada Ltd 144, 92 ... 100
Gulf Canada Ltd 144, 92 ... 100
Gulf Canada Ltd 144, 93 100
Gulf Canada Ltd 144, 93 100
Gulf Statza 0/S 16 90 50
Int-Am. Dv. Bk. 157, 87 50
New Brunswick 164, 89 75
New Brunswick 164, 89 75
New Brunswick 164, 89 75
New Brunswick 164, 89 75
New Brunswick 164, 89 150
New Brunswick 164, 89 150
New Exp. Cr. 157, 89 100
Supertor 0/S Fin. 14 89 125
Shell Cenade 142, 92 ... 125
Shell Cenade 142, 92 ... 125
Swed. Exp. Cr. 154, 89 100
Swed. Exp. Cr. 154, 89 100
Swed. Exp. Cr. 154, 89 150
World Bank 154, 88 ... 500
World Bank 144, 87 ... 500 hedged notes in the Swiss

The issue will consist of a minimum of \$81m worth of 11-year bonds, each with a nominal value of \$5,400. The bonds, which will be guaranteed by San Francisco parent company of the same name, will be offered for subscription between June 15 and 22 at a unit price of SwFr 5,000, plus SwFr 15 stamp duty.

While an annual 7 per cent dividend will be paid in Swiss francs at a rate of SwFr 350 a bond, repayment will be of the face sum of \$5,400 on July 9 1993. Holders have the right to redemption three years earlier at \$4,140.

Mr Robert Christie, treasurer of the parent company, said in Zurich yesterday that the offering might be increased, depending on market demand and the development Inte maximum issue sum would be a nominal \$108m. This would mean an increase in the Swiss-franc subscrip-tion value from SwFr 75m to SwFr 100m.

Insurance plan for Arab loans

By Our Euronarkets

DR MOHAMMAD IMADY, chairman of the Arab Fund for Economic and Social Oevelopment, has proposed a new regional insurance fund to guarantee commercial bank loans for Arab develop-ment projects against default. This would help the poorer

countries of the region obtain comercial bank finance at a time when flows of concessional funds might become scarcer because of the fall in oil prices, he told a London conference on Arab banking and finance.

The protection aginst fipancial risk offered by the proposed fund would complement the protection against political risk already provided by the Inter-Arab Guarantee Corporation.

Dr Imady's proposal fellows shortly after Mr Tom Clausen, president of the World Bank, called for greater co-operation between commercial banks and official development institutions.

Dr Imady said the regional insurance fund could obtain financial resources from three main sources. Commercial banks would pay insurance premiums: national

and regional development

funds operating in the Arab area would contribute some

of their annual profit; and there could be a lety of 1 per committed from con cial bank loans to regional

day won his battle for control of Gulf Resources and Chemical, pany a and director since 1960. will no longer serve on the the Houston-based metals and board. fertiliser company with sales of The new board was understood to be meeting in New York. \$375m last year.

Mr Clore, who has accumulated more than 15 per cent of yesterday and was expected to announce new executive

control of Gulf Resources

appointments to head the comthe U.S. company's shares and has been waging a proxy fight to unseat the current manage-In a brief statement, Gulf Resources said the settlement agreement provides for the disamong the new directors of the missal of certain Higation and The company and the dissithe granting of mutual releases. dent shareholders grouped in the so-called Committee for New

ment yesterday whereby a new board of directors including all employees and to facilitate an orderly transition." 12 of Mr Clore's nominees bas

The statement said: "The agreement reflects the committee's desire to allay fears of

Gulf Resources had until now fought vigorously to block Mr The new board includes two Clore from taking control of the

MR ALAN CLORE, son of the pany who will continue to serve shareholders earlier voted by a as directors. But Mr Robert
Allen, the chairman of the comfavour of Mr Clore's dissident slate of directors.

Mr Clore said he had decided to fight against the compayn's management because it had been unable to realise the potential of the ompany's assets. Mr Clore intends to study alternative strategies for the company.

But ysterday's settlement does not resolve all litigation including i dispute over severance benefits agreements aproved bythe old management. These invove substantial benefits to managers should they lose their jobs which Mr Clore and other dissident share-holders, including the Placid Oil Company controlled by the Hunt brothers of Dallas, regard as totally unjestified and extra-

Holly Sugar management obtains facility for buyout

present directors of the com- empany. But Gulf Resources

late Sir Charles Clore, one of Britain's wealthiest men, yester-

ment of Gulf Resources.

Management reached a settle-

Houston-based company.

been elected.

HOLLY SUGAR, the Colorada- will pay \$65 a share for the based sugar beet processor. announced that it has received an offer from General Electric Credit for a \$100m credit facility in connection with a leveraged buyout of the company proposed by Mr Michael S. Buchsbaum, the chairman of Holly. Mr Buchsbaum plans to make a formal proposal to Holly's board in the near

He added that the GE Credit proposal does not carry the conditions attached to certain previously-announced proposed financings. Holly said the GE Credit

funding will also be used for the company's ongoing working capital requirements. Under the buyout offer, Mr

Buchsbaum, certain other man-viously-announced divertiture agement officials and others programme.

SWISS FRANC

YEN STRAIGHTS 1a Agien Dev. Bk. 84, 97 ... Int. Amer. Dev. 87, 81 ... Japan Aithnes 74, 87...

U.S. DOLLAR

company's stock. Holly said the offer contemplates a total loan facility of

\$100m comprised of a four-year revolving loan with a first security interest in accounts receiveable and inventory and a seven-year fixed asset loan. Borrowings under the revolv-ing loan will vary with eligible collateral.

Mr Buchsbaum said that GE Credit anticipates moving shead rapidly with the transaction. He added that the credit facility is not conditioned on the sale of non-best sugar processing assets oro n contributions by sugar beat growers.

However, Holly said it will continue to pursue its pre-

U.S. Stel in move to sell titanium unit

By Our New Yok Staff

U.S. STEEL, he leading domestic U.S. stelmaker, and National Distillers and Chemical Corporation, re studying the possible sale o RMI Com-pany, the secon largest titanium producer a the U.S. Based in Ohio. MI is a partnership owned qually by its two parent compaies.

RMI has a titanin sponge capacity of around 181 lb. and a mill products caracty of roughly 15m lb. Last year its profits rose sharply to \$6.3m on sales of just under \$65m. But the company has wanted that weaker demand for ommercial aircraft and cenain types of military arcraft vill lead to lower sales and proits

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond vices which will be published next on Wednesday June 16.

Cange on Cities STRAIGHTS Sesued Bid Offer by week Yield Bell Canada 16 89 CS... 100 196 561-71, -04.18.87 Can. Part S. 161 89 CS / 50 1982 581 0 -03.18.72 Crd. Fonciar 174 89 CS - 30 199 591 81, -47.17.29 Hudson Bay 17 89 CS... 40 1982 99 -14 -11 17.29 Q. Hyd. 161 89 (My) CS 50 1982 591, 9 0 16.74 Cushec Prop. 167 89 CS - 50 1982 991, 9 0 16.75 U.S. DOLLAR
STRAIGHTS Issued Bid Offer day week Yield
Actua Life 15 86/97 ... 150 100½ 101 -0½ -17 14.69
Amex Int. Fin. 16½ 92 75 101½ 102½ .0 -2½ 15.82
Amex O/S Fin. 14½ 89 75 96% 9-1½ 15.07
APS Fin. Co. 16½ 89 ... 75 100% 101½ -0½ -1½ 15.89
ATT 14½ 89 ... 400 101½ 101½ -0½ -1½ 15.89
Baker (a) Fin. 0.0 92 225 1255 255 0 -1½ 14.89 U. Bk. New, 9, 90 EUA 78
Amro Bank 10 87 F1 156
Bk. Mess & H. 10 87 F1 156
Bk. Mess & H. 10 87 F1 156
Bk. Mess & H. 10 87 F1 150
Irsland 10, 87 F1 150
World Bank 10 87 F1 150
OKB 14 86 FF 200
Solvey at C. 124, 85 FF7 200
Acona 14 85 £ 20
Beneficial 144, 90 £ (D) 20
Beneficial 143, 90 £ (D) 20
Beneficial 143, 90 £ (D) 25
Fin. Ex. Cred. 133, 88 £ 15
Gen. Elec. Co. 127, 93 £ 50
Hirant Welter 148, 86 £ 25
Privetbenken 142, 88 £ 12
Quebec, 152, 87 £ 25
Red. (Md) NV 167, 89 £ 25
Royal Fribito 14 86 £ 12
Street 159, 93 £ 20
Street Express 159, 93 £ 20
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Street Express 159, 93 £ 20
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FLOATING RATE 984, 994, —
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FLOATING RATE

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Bit, Nova Scotic 5's 33 0's 98', 98', 29/10 15's 1
Bit, Nova Scotic 5's 30 0's 98', 98', 29/10 15's 1
Bit, CE 5's 87 0's 98', 98', 29/10 15's 1
Bit, CE 5's 87 0's 98', 98', 29/10 15's 1
Bit, CE 5's 87 0's 98', 98', 29/10 15's 1
Bit, CE 5's 2002 0's 98', 98', 21/10 15's 1
Bit, CE 5's 2002 0's 98', 98', 24/10 15's 1
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 No information available—previous day's price,
 Tonly one necket maker supplied a price. Tony one next maker supplies a price, traight Bords: This yield is the yield to redemption of the mid-price; the swant issued is in millions of currency units succept for Yen bonds where it is in billions. Change on week "Change over price a week earlier.

Cyld The current yea.

coverible Bonds: Denminated in dollars unless other selected coverible Bonds: Denminated in dollars unless other selected coverible converted into shares. Crev. data selected a security of share at the per share expressed in the current selective process of saturating shares via to fond over the most recent place.

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Ajinohoto 5½ 96 ... 7/81 933
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Bridgetone Tire 5½ 96 3/82 470
Canon 5½ 55 ... 1/81 829
Deive jecs. 5½ 98 ... 12/81 613.3
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Hitachi Ced. Cpn. 5 96 7/81 1812
Handa Moor 5½ 57 ... 3/82 841
Inchespe 1 95 ... 2/81 4.55
Kawasaki 1, 96 ... 3/81 229
Merni 6 95 ... 7/81 385
Merni 6 95 ... 7/81 385
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NKK 6½ 95 ... 7/81 2168
NKK 6½ 95 ... 7/81 2168
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Sumitoma Electric 5½ 87 ... 2/82 846
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Change on week - name over price a week earlier.

Floating Rate Notes: Denominated in delians unless other with a minimum. C.des = Date next coupen become effective. Spread - Margin above stemanth offered the († darab-month; § above mean ray) for U.S. delta.

C.yid=The current yild.

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY

operating divisions were profit- share, compared with \$74.3m

able during the quarter, the or \$1.52 a share a year ago.

revenues of \$5.7bn, Operations Fluor, which takes about 38 per

outside the U.S. make up 44 per cent of its profits from outside

MO OCH DOMSJÖ AKTIEBOLAG

MoDo

For full fiscal 1981, Gulf and standing in the current period

U.S. \$130,000,000

INCLUDING A

U.S. \$30,000,000 BANKER'S ACCEPTANCE REVOLVING CREDIT FACILITY

CHASE MANHATTAN CAPITAL MARKETS GROUP

SVENSKA HANDELSBANKEN

COMMERZBANK AKTIENGESELLSCHAFT MANUFACTURERS HANOVER TRUST COMPANY GÖTABANKEN MARINE MIDLAND BANK, N.A. THE ROYAL BANK OF CANADA

THE CHASE MANHATTAN BANK, N.A.
CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO
GOTABANKEN MARINE MIDLAND BANK, N.A. SOCIÉTÉ GÉNÉPALE SUNDSVALLSBANKEN TOPONTO DOMINIÓN BANK

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MANUFAL I DIEFS HAIVUYEN I HUS I C MIDLAND BANK DE CANADA GROUP THE ROYAL BANK OF CANADA GROUP SPARBANKERNAS BANK SVENSKA HANDELSBANKEN WESTLE INTERNATIONAL S.A. UNION BANK OF FINLAND (SINGAPORE) LTD.

AGENT SVENSKA HANDELSBANKEN

BANKER'S ACCEPTANCE

THE CHASE MANHATTAN BANK, N.A. MANUFACTURERS HANOVER INTERNATIONAL BANKING CORPORATION THE ROYAL BANK OF CANADA GROUP SPARBANKERNAS BANK

REVOLVING CREDIT FACILITY COMMERZBANK AKTENGESELLSCHAFT MARINE MIDLAND BANK, N.A. SOCIÉTÉ GÉNÉRALE

SVENSKA HANDELSBANKEN TORONTO DOMINION BANK THE CHASE MANHATTAN BANK, N.A.

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STEEL

Veba pre-tax. Source decline by 12% First quarter Veba pre-tax profits

BY KEVIN DONE IN FRANKFURT

12alled the trading and transport group Trading and transport group tic oil market. Veba's volume state of light oil products dropped by 13.7 per cent in the college of the which is West Germany's largest in the concern, suffered dropped by 13.7 per cent in the company the college of the first quarter of 1982 by just 1 per cent to 1.72m to 1.72m the first quarter of 1982 by just 1 per cent to 1.72m t reflerday ness of its chemicals and on operations. After tax profits of its profits operations. After tax profits of its dispute operations of its chemicals and on operations. After tax profits of its chemicals and on our profits of its profits o

Street to DM 12.5bn.

Through substance vector to DM 12.5bn.

Through substance vector veba said returns from oil markets to moperations began to improve in the other disades while profits from the other disades and power stations division, includes the region of the profits of the power stations division, includes the region of the profits of the p The ding the smaintained at last year's level. Electric transfer of the first quarter.

Sales less transfer of Dalla, a cessed in Veba's own refineries the production of the first quarter.

To need to Dalla, a cessed in Veba's own refineries the first quarter.

Electric transfer of the first quarter. tonnes in the first quarter, fully, increasing power sup-while crude oil production, in-plies by 5.8 per cent in the cluding purchases in Libya, plunged by 59.6 per cent to just 297,000 tonnes.

In line with the weak domesdeclined by 32.3 per cent to 775,000 tonnes.

the Ruhr has been reduced by we'veba said returns from oil 2.5m tonnes a year, but its moperations began to improve in crude oil processing plants still operated at only 60 per cent of capacity in the three months.

The volume of chemicals sales fell by 8.9 per cent in the

Demag sees scant chance

the U.S. steams : profits were more than halved in 1981, sees little chance of a recovery during the current 12

Despite an expected increase in sales, profits are likely to η stay unsatisfactory, the company said. It returned net profits of DM 13m (\$5.5m) for 4-1981, against DM 29m in 1980. ing board chairman, said group Herr Guenter Mueller, managturnover for this year would rise to some DM 3.3bn from DM 2.94bn in 1981, but that

incoming orders would fall to DM 3.4bn from DM 3.7bn. He attributed last year's shump in profits to high interest rates and a generally unfavourable economic climate.

Incoming orders for the first. five months of 1982 fell to The DM 12bn from DM 15bn in owned

State go-ahead

for steel-pellet

plant in Spain

MADRID - The Spanish

Government has approved the

construction of a \$140m steel-

Sierra in the south-western

with \$32m, in addition to

granting an official credit of

The state-owned steelworks,

Ensidesa, has been given in-

structions to buy 800,000 tons

of the pellets annually at a price similar to that of its

Government

to subsidize the plant

Province of Badajoz

Brazilian subsidiary.

Veba's refinery capacity in

Electricity generation operations performed more successquarter to 17.1bn kilowatt hours, with turnover increasing by 16.9 per cent to DM 2.5bn.

MANNESMAN DEMAG, whose hand at end-April 1982 includ-

Herr Mueller said Demag's

The company is 90 per cent by Mannesmann, the

German Mobil

PROFITS of Mobil Oil Ger-

many fell_about 25 per cent

prices that failed to cover

refining costs so that the com-

pany has been losing one

prennig a litre. Only part of

the downstream losses could

be covered by crude oil and

gas production profits, the

On the bright side, Mobil said its 1981 turnever rose to DM 11bn from DM 8.8bn.

company said.

Weak retail

By Our Financial Staff

1981 from DM 294m The company, in its annual report, blamed retail

prices hit

ing for the first time some DM 500m from the newly acquired subsidiary Sack of Duesseldorf, stood at DM 5bn against DM 4.7bn at end-April

exports benefited last year from a weak Deutsche Mark and Germany's relatively low inflation rate. Export growth will con-tinue to be closely dependent on the trend of the U.S. dollar. Foreign sales rose to \$2bn in 1981 from \$1.84bn in 1980. boosting the foreign share of turnover to 68 per cent from 65 per cent. Foreign orders as a share of total incoming orders rose last year to 73 per cent from 68 per cent, reflecting the strength of Demag's export

the same 1981 period. Orders in major German engineer.

M Stern brings informality to the Cii helm the new orders." But the orders soon bosses of France's expanded began streaming in. He had hit he readily admits, is that the State sector were drawn from the computer systems market in a lift-off phase, and Sesa has

big industry or the Government machine. The exception is M expanded ever since, growing Jacques Stern, plucked from his own private company to run Cil-Honeywell Bull, the shaky, semi-nationalised Computer group that has known all the roubles of Job in its tangled 16-year history.

Vigorous, greying, with an informal manner rarely found in top French management, M Stern was chosen for the Cii job because of his record as an entrepreneur.

Like many leading industrialists, he started his career in the administration, working as an electronics engineer on defence systems. But at the age of 32 he cut adrift and set up his own company, inspired by the idea of creating a computer systems company that could offer industrialists a packaged solution to their information

Backed by FFr 600,000 (\$100,000) of borrowed money, Sesa, the new company, took off almost immediately. M Stern recalls his first anxious days as a small businessman, when he found himself "all alone in a new office, with no experience of running a business and no

this argument to computers, as to international dimensions and a turnover of FFr 350m.

Officials make no secret of the fact that this growth record singled out M Stern as one of the few men in French high-technology industry with the necessary punch to take on Cii. M Stern says that his con-

victions go back to his early career as a public servant working on France's aerial defence. The only readily available system at the time was Ameri-"I fought to stop the Government from accepting the U.S. products," he says. "Today France is the only country in the Western world which has an independent capability in aerial defence.

Similar independence in computers, he argues, is important because the technology penetrates national life-from science and general industry to education and communications. "Like and communications. energy and defence, it is an important element of the national strategy of any country that wants independent."

The problem with applying

industry has to exist in a competitive market. In the military sphere, the Government has to slump up finance, whatever the cost might be. But can France

Terry Dodsworth reports on a rarity among France's new state company bosses

afford to support Cli?
For M Stern, the answer splits down into two elements, technical and financial. On the technical side, he argues that Sesa has shown that French computer technology can be competitive in world markets.

There is no reason, in his view, why Cii should not show a similar technical competence so long as it maintains an open stance in world markets. Time after time, he comes back to the point that, in the

national market is not enough. On the one hand, computers is a large-scale industry, requiring big markets; on the other a company needs constant experience of the best rival technology to maintain progress: he took Sesa deliberately into the West German market in its first overseas move, and then into the

international attitude accounts for the apparent conflict between his support for an independent national industry and his acceptance of Cii's link with Honeywell of the U.S.

Unlike many Socialist porters, he was not violently opposed to the 1976 agreement giving Honeywell 47 per cent of the French company. At the time, he says, Cii was only effective in

effective in a protected, national market. Far from being a sell-out to the Ameri cans, Honeywell brought in the international outlets and perspective, particularly in the U.S.

Where the agreement went wrong, he believes, was that it accorded Cli a minority partner role—Honeywell could veto its projects—while giving no assurance of long-term co-operation. Either side could withdraw sud-

Honeywell, reducing its stake from 47 per cent to a little under 20 per cent, has attempted to correct this weakness. Although the cost of buy-ing out the Honeywell shares has been high-\$150m-Cii can On the financial side. M Stern

believes that France has been trying to get its computer industry on the cheap over the last few years. Profits are made, argues, by investing correctly and adequately. But

been made because of the shortage of funds

Hence, when the company lost FFr 449m net last year, it was paying the price for its weak capital base: because shareholders had not invested sufficient funds, it was forced to run up heavy, and costly,

M Stern places part of the blame for this weakness on the previous equity division, in which the non-Honeywell stake s variously and bewilderingly held by an alternating mixture of the state, CGE and Saint Gobain. This confusion meant that shareholders never had sufficient commitment to the company, he says.

In the new organisation he will have a direct link with the controlling shareholder — the state — which is ready, he believes, to "do what is neces-sary to develop the industry." He wants fresh finance in two ways. First, he says, the Government should help with research and development, just as U.S. and Japanese companies are assisted by state develop-

But the priority must go to the injection of new capital. The company's weakness in this

ment contracts.



M Jacques Stern

was demonstrated last year, when it was faced with the heavy cost of gearing up production and following IBM's price-cutting challenge in the medium-size computer market.

Total borowings virtually doubled to FFr 4.4bn, comovershadowing pletely worth of FFr 1.3bn, and plunging the company into heavy interest payments.

M Stern will not reveal exactly how much he has asked the Government for. But it is likely to be in the region of FFr 2bn to start with, plus a commitment for regular annual capital increases afterwards.

petrochemicals. In addition,

the U.S. has slipped back into

losses in the first four months,

following a profit of \$24.4m in

tain its dividend at DM 7 a

share in 1982, however

Hoechst still hoped to main-

What the company needed

was an economic upswing in

the second half of the year, he

said, but added there are few

signs of such an eventuality des-

pite declining German inflation,

began very weakly and the

domestic economy has not yet

recovered. The weakness of the

D-mark had helped Hoechst's

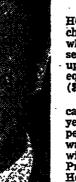
export business but the profit-

ability of these exports is not

" sufficient."

Prof Sammet said that 1982

of recovery this year



Enso-Gutzeit cuts payout

ENSO GUTZEIT, the Finnish necessary from the point of

group, reports lower profits for In Canada, Enso sold 40 per 1981 and is cutting its dividend. cent of its subsidiary Eurocan

On sales up from FM 4.15n to Pulp and in the process FM 4.5bn (\$980m), net profits acquired a 6 per cent interest have slipped to FM 33m, from in Abitibi-Price. "Considerable

However, Enso is now coming Alko, the state alcohol mono to the end of its eight-year poly, increased gross sales by

pects to see better results in 1981. Profit was FM 521m

letter to the shareholders, the Alko notes that consumption company says it will continue of alcohol increased by 1.7 per

proved unprofitable and un- on average by 11.8 per cent.

1,500,000 Shares

sale of assets that have cent in 1981. Prices were raised

these shares.

against FM 492m.

New Issue / May, 1982

paper, engineering and shipping view of operations.

Prof Rolf Sammet, chief executive of Hoechst. He said yesterday that the group had opened 1982 on a weak note.

FM 44m in 1980. The dividend

is going down to 6 per cent from the 8 per cent paid a year ago.

investment programme and ex-

the current year. In their

All of these Securifles having been sold, this announcement appears as a matter of record only.

BY LANCE KEYWORTH IN HELSINKI

BY KEVIN DONE IN FRANKRIKT

HOECHST, the West German Kuwaiti involvement. chemicals group, is still unclear whether Kuwaiti interests have secretly assembled a holding of up to 25 per cent of the group's equity, worth about DM 1.4bn

The latest shareholders survey carried out at the end of last year showed, however, that 33 per cent of the group's equity was now held abroad compared with only 19 per cent in 1978, Professor Rolf Sammet annual meeting.

of the foreign holdings is in with and approved by the the hands of big investors from Federal Cartel Office. the Middle East, but bank secrecy rules have prevented that no such moves had yet been closer clarification of possible

in Abitibi-Price. "Considerable financial gains were made " from the subsequent sale of

poly, increased gross sales by 12.9 per cent to FM 5.05bn in

Rumours concerning large- amount to as much as 25 per voting rights. The decisive

scale Kuwaiti share purchases in Hoechst have been circulating for several months among Frankfurt stock market traders. Commerzbank is reported to have played a leading role in representing Kuwaiti interests.

Under German corporate law shareholder having more than 25 per cent must inform the company, which in turn must then officially publish the news. Hoechst's chief executive said In addition, German cartel law yesterday at the company's demands that intentions to make share purchases of 25 per cent Hoechst assumes that a part or more must first be registered

> Prof Sammet said yesterday made. It is clear, however, that as BASF, Hoechst has never

even if total Kuwaiti holdings introduced restrictions on its ing in plastics and commodity cent, they could be held nominally by different parties.

Foreign interests control one-third of Hoechst

Direct requests for information to Commerzbank had failed to throw light on Kuwaiti moves, said Prof Sammet. In addition, no information had start to the current financial been forthcoming from Kuwait

Since the mid-1970s Kuwait has spearheaded the Middle Eastern thrust into German industry. It already has significant published minority holdings in Metallgesellschaft, Korf Stahl, Daimler-Benz and Volkswagen do Brasil. None of the holdings exceed 20 per cent. Unlike some other major German industrial groups, such

was whether "a friendly consensus" existed between a major shareholder and the board, said the Hoechst chairman.

Hoechst has made a weak

year with parent company turnover rising by only 5.2 per cent in the first five months to DM 5.3bn. Pre-tax profits after three months were 4.2 per cent lower at DM 203m.

Growth is still relying heavily on exports where volume rose by 4 per cent in the five months. The volume of domestic sales dropped by 4 per cent from January to May. Hoechst's profitability is

being burdened by weak trad-

All of these Securities have been offered outside the United States.

This announcement appears as a matter of record only.

New Issue / June 2, 1982

U.S. \$50,000,000

Newmont Overseas Finance N.V.

15%% Five-Year Extendible Notes due June 1, 1992

Unconditionally Guaranteed as to Payment of Principal and Interest by

Newmont Mining Corporation

Salomon Brothers International

Banque de Paris et des Pays-Bas

Orion Royal Bank Limited

Kidder, Peabody International Limited

Société Générale de Banque S.A.

Merrill Lynch International & Co. J. Henry Schroder Wagg & Co. Limited

Hambros Bank Limited

Swiss Bank Corporation International Limited

Union Bank of Switzerland (Securities) Limited

Salomon Brothers Inc.

Merrill Lynch White Weld Capital Markets Group

Republic New York Corporation

Cumulative Preferred Stock, Floating Rate Series A

Bear, Stearns & Co.

Morgan Stanley & Co. Goldman, Sachs & Co.

The First Boston Corporation Shearson/American Express Inc.

Dillon, Read & Co. Inc. **Bache Halsey Stuart Shields** Blyth Eastman Paine Webber Drexel Burnham Lambert E. F. Hutton & Company Inc. Donaldson, Lufkin & Jenrette

Keefe, Bruyette & Woods, Inc. Kidder, Peabody & Co. L. F. Rothschild, Unterberg, Towbin M. A. Schapiro & Co., Inc. Smith Barney, Harris Upham & Co. Warburg Paribas Becker

ABD Securities Corporation

Daiwa Securities America Inc.

Nomura Securities International, Inc.

Wertheim & Co., inc.

Atlantic Capital

Basie Securities Corporation

Kleinwort, Benson Robert Fleming

The Nikko Securities Co.

Dean Witter Reynolds Inc.

EuroPartners Securities Corporation

Yamaichi Internationai (America), inc.

This announcement appears as a matter of record only.

£10,000,000

Revolving Sterling Acceptance Credit with Multicurrency Advance Option

Guaranteed by

THE KINGDOM OF DENMARK

Arranged and provided by

Samuel Montagu & Co. Limited

Lloyds Bank **Interest Rates**

Lloyds Bank Plc has reduced its Base Rate from 13% to 12.5% p.a. with effect from the close of business on Tuesday, 8th June 1982.

Other rates of interest are reduced as follows: 7-day-notice Deposit Accounts and Savings Bank Accounts - from 10.25% to 9.5% p.a. Special Savings Plan - from 12.25% to 11.5% p.a.

The change in Base Rate and Deposit Account interest will also be applied from the same date by the United Kingdom branches of

Lloyds Bank International Limited
The National Bank of New Zealand Limited

Short Term Fixed Rate **InvestmentsWith Interim Amortization**

OPPORTUNITY FOR INVESTMENTS IN U.K. GUARANTEED FIXED RATE VARIED SOVEREIGN RISK, US DOLLAR AND DEUTSCHE MARK MANAGED **PORTFOLIOS**

U.S. DOLLARS

Investment from 1st July 1982 to final redemption 7th August 1983

Interim maturities to produce weighted average life of 7.4 months

Investment Amount Redemption Value Yield **\$6,084,183.00 \$**6,690,220.00

DEUTSCHE MARKS

Investment from 1st July 1982 to final redemption 2nd July 1984

Interim maturities to produce weighted average life

Investment Amount Redemption Value Yield DM 8,711,203.00 DM 9,452,448.33 101/6%

> FOR FURTHER DETAILS - PRINCIPALS ONLY. WRITE TO BOX T5703, FINANCIAL TIMES, 10 CANNON STREET, LONDON, EC4P 4BY.

PAN-HOLDING Societe Anonyme

The Annual General Meeting of shareholders took place on June 1, 1982. The accounts for the year 1981 were approved.

The Unconsolidated Accounts show a net profit of U.S.71.2914.371.90. After the transfer to the provision for contingencies of the net amount of various realised gains. I.E., U.S.59 705.045.56. Here remains a net income of U.S.53.209.326.34.

The shareholders' meeting decided the distribution to the shares outstanding on June 30, 1982 after the close of the markets of a dividend of U.S.53.00 paid for 1980 (without taking into account the extraordinary dividend of U.S.51.50 paid in July 1991 for the Soth anniversary of the company).

This dividend of U.S.51.50, which

is free of withholding tax in Lucenisoury, will be payable as of July 1, 1982. Chairman recalled that within a relatively unfavourable economic environment the new successolidated asset value per name as of December 31, 1980.

Following his tradition of diversification, geographical, monetary and by sectors, Pan-Holding has reinforced its stake in the Pacific Basin (17% of assets as of the end of 1981), while, globally, diminishing his investments in Europe and keeping aboroximately its investments in the United States of America.

The shareholders' meeting ratthed the co-optation to the Board of Offrectors of Mr. Frederick A. Kilingenstein. Chairman and Chief Executive Officer of Wertherm and Co., New York, and of Mr. J. Richardson Illworth. Chairman of the Rockefeller Center Inc., New York.

The shareholders' meeting re-elected Mr. Rowland H. George, Drs Elimert K. Den Baikter, Messrs, Frederick A. Kilingenstein, Roger Paluel-Marmont and Sir Ronald L. Prain.

An Extraordinary General Meeting took place following the ordinary meeting and approved the modification of Several articles. None of the changes after the most part they tend of Several articles. None of the changes after the most part they tend company or better series or modification to the functioning of the state of the state of the provision of the state of the Scholer of

Gempanies INTERNATIONAL COMPANIES and FINANCE

Kuwait increases stake in **IEDC**

By Richard Johns

KUWAIT has increased its shareholding in the Interna-tional Energy Development Corporation (IEDC) and also the financing of the exploration activities of the concern estab-lished in 1979 to develop hydrocarbon resources in the Third World.

It is committing another \$80m to the funding exploration work being carried out in Angola, Congo, Oman, Sudan, Tanzania, Turkey, and another, as yet unidentified, country. Overall, the Gulf oil-producing state's participation in the activities of IEDC, covering a search for oil and gas over an area of 100m acres of which its own interest is the equivalent of 12m acres, now amounts to 50 per cent.

At the same time the stake held by the Kuwait Petroleum Corporation in IEAD B.V., the Netherlands - based operating arm of the group, has been raised to 22.96 per cent from 10 per cent of its undisclosed

capital.

KPC. Kuwait's oil conglomerate, has absorbed the holdings of AZL Resources of Phoenix, Arizona, and Sulpetro of Calgary, Canada. The shares of the Arab Petroleum Investments Corporation, 10 per cent, Volvo Energi AB, 6.48 per cent, and Societe Generale pour l'Energie et les Resources, 0.48 per cent, are unchanged.

In addition the Kuwait Foreign Petroleum Exploration Company has a 21.25 per cent stake in the parent company, International Development Corporation S.A. which in turn owns 60 per cent of the operating arm.

Intensified Kuwaiti involve ment is in line with the state's policy of investing in energy development and hydrocarbonbased business abroad.

Citibank plans data service in Tokyo

By Our Financial Staff

CITIBANK of the U.S. plans to start an electronic data service in Tokyo through the communication circuit of Kokusai Denshin Denwa offering instant access to a variety of economic

For instance, the service would cover the changing rates of 31 currencies and gold and financial markets in major money centres, Citibank sees as possible major clients Japanese corporations operating overseas and regional banks in need of information useful to their

Saga Petroleum in moves to borrow some \$500m

\$600m and has invited two groups of Norwegian and foreign banks to bid for the job of floating the loan.

Saga, backed by about 300 Norwegian shipping finance, and industrial firms, is one of role in exploration and development on Norway'sshelf. It faces enormous investment

expenditure in connection with its stakes in 16 licence areas on both Norwegian and foreign Petrokjemi.

SAGA PETROLEUM, the Norwegian oil company, is planning share in the Stat-gas gathering ing keen interest in participation between \$500m and project, but its only significant ing in the loan. source of income at presnt is its 1.6 per cent share in the Anglo-Norwegian Statfjord Field.

The two bank groups which have agreed to offer terms to three companies chosen by the Trust of New York, and a con-refinance two existing loans—Government to play a leading sortium comprising Den Norske one of \$150m dating from 1979. corp. A Christiania executive, Mr Gunnar Frognes, said that

Saga says that the two group are expected to table facir offers shortly and it will make its choice by the end of July at the latest, so that the money can Saga are Norway's Christiania be raised before the end of this Bank, together with Guaranty year. Part of it will be used to Trust of New York, and a con-refinance two existing loans— Creditbank, the Union Bank of raised by Saga itself, and Norway, Bergen Bank and Citi-another, of \$75m, raised by the company's loss-making petrochemicals offshoot,

Ross By Michael Thompson-Noel

Struggle

for control

of Norman

A SHAKE-UP of the Austra lian retailing scene seems likely to follow from a twoway struggle for control of Norman Ross Discounts which runs a chain of 40 discount stores in New South Wales and Queen

Last week, Grace Brothers, one of Australia's biggest retailers, announced a A\$16.6m (US\$17.4m) bid for Norman Ross, after disclosing that it held virtually 20 per

But a rival stake, also of 20 per cent, has been established by Waltons Bond, the property and retailing aim of the Bond Corporation, the main investment vehicle of Mr Alan Bond, the Perth

Last week, Bond Corporation raised almost A3196m with the sale of its Cooper. Basin oil and gas assets, comprising its stakes in Santos and in Reef Oil and Basin

Norman Ross is 40 per cent controlled by its founders. Mr Gerry Harvey and Mr Ian Norman. The company went public in 1972.

The Grace Brothers hidvalues Norman Ross at A\$5 a share. Mr Harvey said last night: "If you revalue certain properties, and take in the latest profits, due in three weeks, you get an asset backing for the shares close to A\$7-A\$7.50." The 1980 -81 profit was A\$2.85m.

Australian life office merger NATIONAL MUTUAL Life broke new ground for any major There has also been keen speculation that both AMP and

Association of Australasia and T & G Mutual Life Society, Australia's second and third ranking life insurance groups, announced definite plans to merge yesterday after several weeks of detailed discussions. The merger will result in a new society with assets of A\$4.8bn (US\$5bn), still smaller than the Australian Mutual Provident Society, whose assets are currently estimated at A\$6.9bn.

However, the merger—by far the largest to date in the industry—will both reinforce years begun to diversify more the two companies' already widely into property, agriculture powerful roles as investors, and and direct participations in at the same time strengthen major natural resources them in the increasingly widelydrawn battle among Australian financial institutions to attract savings deposits. avings deposits. mising large onshore hydro- was paid against the full 1.

National Mutual last week carbons development, fits into 1981 payment of 22 cents.

Alexandra Knitters, a locally-

quoted former textile com-

Alexandra holds cash and

property interests which it says

have a total worth of HK\$ 25.3m

(US\$ 4.3m). It will acquire Ban-

come through the issue of 55m

new shares to Bancom's seven shareholders, leaving the Ban-com investors with 77.2 per cent

of the enlarged group.

Bancom's net assets stand at

HK\$ 125.4m so the net effect of

the take-over will be to increase

Alexandra's net assets by 36 per

BY ROBERT COTTRELL IN HONG KONG

private Hong Kong deposit-taking company with other Bancom is mainly financial interests, is going pub-lic via a reverse take-over of money market activity

Australian institution by bidding for two minority partners in the Cooper Basin oil and natural gas project, Reef Oil and Basin Oil, after acquiring controlling stakes from Mr Alan Bond's Bond Corporation Holdings. It also acquired a 13.3 per cent stake in Santos, the leading company in the Cooper Basin project, from Bond. Australian institutions, which often feel hemmed in by their

financial size in relation to the stock market, have in recent projects. National Mutuals acquisitions in the Cooper Basin, the country's most pro-

Bancom is mainly involved in

deposit-taking, trade finance and money market activities. It also

owns 45 per cent of Bancom

Finance, a brokerage company.
The Hong Kong Securities
Commission has waived any

obligation for the Bancom group

to bid for the outstanding

shares in Alexandra, as would normally be required of an

investor acquiring more than 35

per cent of a company. The deal remains conditional on

approval from Alexandra's

'shareholders, and agreement

from local stock exchanges to

• PANIN HOLDINGS, a finan-

quote the new shares.

cial community continues to hope, the Australian government implements recommendations of the Campbell committee that would broaden competition for lending and deposit-taking business. Castlemaine Tooheys, the Australian east coast brewer,

National Mutual might seek banking licences if, as the finan-

plans to make a one-for-eight scrip issue to increase its capi-tal from A\$91.69m to A\$103.15m (US\$108m). In March the company re-ported a 61 per cent rise in interim 1981-82 profits to A\$28.44m from A\$17.65m. An interim dividend of 13 cents was paid against the full 1980-

company Samba currently owns

cluding the Arinfi group. Arinfi

is a Bermuda-registered Arab-

venture capital company.

Bancom International in reverse takeover

BANCOM INTERNATIONAL, a current year at least equal to ket. Its principal interests are HK\$17.5m. The company's present issued share capital comprises 189m in finance-related activities in Hong Kong, commercial bankshares of HK\$1. The flotation ing in Macao, and non-life inissue will comprise 54m new shares at HK\$1.20 each, under written by Schroders and Char-Panin was incorporated in December 1980 as the holding company for interests controlled tered, the merchant bank. Net by Mr George Lee, who is also vice-chairman of the Overseas HK\$1.36 a share on the capital as enlarged by the issue. The flotation will reduce Samba's holding to 49.58 per cent. Trust Bank and Hongkong Industrial and Commercial Bank. Mr Lee's Liberian-registered

63.75 per cent of Panin. A fur-ther 29.16 per cent is controlled year and a final dividend of by Middle Eastern Investors in-seven cents.

The company plans to increase its activities in the Asiaowned investment banking and Pacific region and in the Middle East, broadening the scope of cent to HK\$ 2.12 per share, cial holding company, plans a Panin's net tangible assets are business into commodities and the company says. Alexandra HK\$65m (U.S.\$11.2m) flotation said to be HK\$334.3m, while securities trading as well as

This announcement appears as a matter of record only.





Kutlutas – Enka A Joint Venture Between

Kutlutaş İnşaat ve Ticaret Sanayi Limited Şirketi and Enka Insaat ve Sanayi A.S. of Istanbul, Turkey U.S. \$76,625,285

Advance Payment Guarantee Facility

(in relation to the Al-Medinah Al-Munawwarah Public Housing Programme, Saudi Arabia)

Lead Managed by:

American Express Bank International Group

Managed by: Riyad Bank

Saudi American Bank

Saudi International Bank Al-Bank Al-Saudi Al-Alami Limited

The Saudi Investment Banking Corporation

Co-Managed by: Türkiye Iş Bankasi A.Ş.

Bank of Baroda Offshore Banking Unit, Bahrain

Canadian American Bank S.A.

The Arab Investment Company S.A.A.

State Bank of India

International Bank for Industry and Commerce/United Gulf Bank E.C. (Uluslararası Endüstri ve Ticaret Bankası A.Ş.)

Participant:

Oriental Credit Limited



American Express International Banking Corporation

U.S. \$10,000,000

London

The Industrial Bank of Japan, Limited

Floating Rate London-Dollar Negotiable Certificates of Deposit due 9th December 1982

In accordance with the provisions of the Certificates, notice is hereby given that for the six month Interest Period from 9th June, 1982 to 9th December, 1982, the Certificates will carry an Interest Rate of 15½°, per annum. The relevant Interest Payment Date will be 9th December, 1982.

Credit Suisse First Boston Limited Agent Bank



BANCO DE LA PROVINCIA DE BUENOS AIRES

U.S. \$30,000,000 Floating Rate Notes Due 1986

For the six months 7th June, 1982 to 7th December, 1982 the Notes will carry an interest rate of 151/1696 per annum.

Bankers Trust Company, London Fiscal Agent

BANK OF INDIA, LONDON

US\$20,000,000

NEGOTIABLE FLOATING RATE U.S. DOLLAR CERTIFICATES OF DEPOSIT DUE 9 DECEMBER 1982 EXTENDABLE TO 1983

In accordance with the provisions of the Certificates, notice is hereby given that for the interest period from 9 June 1982 to 9 December 1982 the Certificates will carry a rate of interest of 15 per cent per annum. The relevant interest payment date will be 9 December 1982.

CREDIT LYONNAIS Singapore



The Bank of Tokyo, Ltd.

Sutherland House, 3 Chater Road, Central Hong Kong.

NEGOTIABLE FLOATING RATE U.S. DOLLAR CERTIFICATES OF DEPOSIT SERIES 104 DUE 10TH JUNE, 1985.

We hereby certify that the rate of interest payable on the above mentioned Certificates of Deposit for the interest period beginning on 9th June, 1982 and ending on 9th December, 1982 is 15% per annum.

Agent Bank:

Morgan Guaranty Trust Company . Hong Kong

THE DREYFUS INTERCONTINENTAL INVESTMENT FUND N.V.

DECLARATION OF DIVIDEND

At the Annual General Meeting of The Dreyfus Intercontinental Investment Fund N.V., held in Curação on May 3, 1982, the Shareholders of the Fund, acting upon the recommendation of the Fund's Board of Directors, declared a dividend of \$0.10 (U.S.) per share to Shareholders of record on May 21,-1982. This dividend is payable on June 15, 1982 to holders of beater shares upon surrender of Dividend Coupon No. 12 as attached to the share certificate, to one of the offices of the paying banks listed below. This distribution is being made from net

Morgan Grenfell & Co. Limited Deutsche Bank AG 23 Great Winchester Street London EC2P 2AX

Grosse Gallusstr. 10-14 6 Frankfurt/Main 1 West Germany

Banque internationale à Luxembourg 2, Boulevard Royal Luxembourg-Ville Luxembourg 2205

RoyWest Trust Corporation (Bahamas) Limited Mutual Funds Department P.O. Box N7788

Nassau, Bahama Islands

Dividends payable on shares held in a Dreylus Intercontinental Voluntary Account will either be paid directly to the Account holder or automatically reinvested, depending upon the election made by the Account holder when his Account was

Reports are available at the offices of the above-mentioned

Draylus GmbH. 24, 8 Munich 22, West Germany.

GOMPANIES & FINANCE and Harkets INTL: COMPANIES & FINANCE

Air New Zealand aims to shed weight in a return to profit

AIR NEW ZEALAND AIR NEW ZEALAND, the pational flag carrier, which lost 70m) in the year to March 31, has laid plans to return to pro-stability within two years, and to bring a record profit of NZ\$50m by 1985-86.

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The recovery programme—announced by Mr Norman Geary, the recently-appointed chief executive—involves heavy cost-cutting, including sweeping job reductions, starting with the najor cut of 1,000 to 7,056 by March 31 next year.
Trimming the company's

NZ\$200m annual wage bill is a major part of the recovery programme. Various options include pay cuts, pay pauses for management and staff, loosening of restrictive practices and reductions in allowances. The plans cover staff reductions to early in the 1983-84 financial year, and further decreases over the following three years to 6,600 or so. Air New Zealand aims, on the

basis of a skimmed down organisation, to push for new business. Aggressive marketing programmes are to be intro-

A new. direct service from Auckland to London is to start on August 25. At present, plans are to land at Gatwick, but if the New Zealand Government is successful in negotiating landing rights at Heathrow, Air New Zealand regards itself as winning a bonus. The airline is also to expand its services in Asia.

Sales promotions are to be geared to attracting more young people to travel at an early age, as well as increasing the numbers of tourists and visitors

The plans now being laid down by Air New Zealand arise from an internal review of the way the airline should be run, but also are revealed shortly after the presentation of a report on the working of the airline by Colker and Asso-ciates, the U.S. consultants, commissioned by the New Zealand Treasury—the Govern-ment owns the airline—and result in essence from the plunge in recent years in the

after a series of economic blows. These included the worldwide grounding of the McDonnell Douglas DC 10s by the U.S. Federal Aviation Administra-tion for safety reasons three years ago, problems connected with the merger of New Zealand's internal and overseas air operations, and then, trau-

The analysis was sought by New Zealand's Treasury, which will have to make good last year's loss. The investigation, however, carried out by Colker officials who cross-ex managerial staff in Auckland at all levels, went much beyond the original financial audit. matically, the air disaster on It provided a 250-page report Mount Erebus, the Antarctic for the New Zealand Cabinet.



recently over as chief executive of Air New Zealand, and is handling the streamlining of the company, with a view to its returning to profit in two years. Heavy staff cuts are among the moves being made, which he believes are recognised by most employees.

Norman

Mr

volcano, on an Air New Zealand sightseeing flight in November 1979, in which 257 lives were

The consultants suggested in April—in a report that was angrily received by Air New Zealand in respect of its scope and the timing of its release—that Air New Zealand should streamline its operations, improve its efficiency and cut its staff by some quarter. In the strongly worded report, not formally implemented, the consultants said that reductions of such an order were necessary to make Air New Zealand a taut fighting ship."

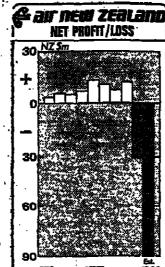
The consultants were also critical of the proposed exten-sion of the Los Angeles to London route, due to come into service on August 25. This, it

Mr Robert Muldoon, the Prime summary for the public

The Colker report recommended staff cuts in all areas. from pilots to cabin crews. Air New Zealand had acquired a reputation of becoming a vas employment agency and its over-staffing was well known within New Zealand. Under union agreements, one cabin crew member had to be allocated to every 32 seats-whether these had passengers or not. About NZ\$3m could be saved by cutting 170 from cabin crew,

and another NZ\$5m by reducing ticketing and sales staff by 250, said the report. The report also made a call for the airline's streamlining its management structure and trim-

ming costly work rules. The report conceded that



for work from other airlines.

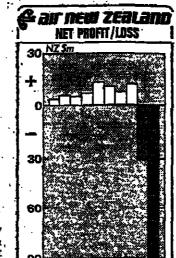
The report compared Air New Zealand unfavourably, in terms of its size, staff numbers and management efficiency, with comparable airlines in the U.S. "Air New Zealand manage-ment's structure represents a cumbersome bureaucracy characterised by excessive layers of managers and personnel Decisions are prone to be poorly constructed and illtimed, and can slip by without

adequate challenge."

The airline, the report gested, should provide the New Zealand Treasury with a three-year forward forecast of its financial operations. This would enable the Treasury and the Government to estimate the amount required from the taxpayer to meet future financial The Government could then decide on whether the public benefits from running a

public costs of meeting losses. One solution might be to see a merger with an Australian airline, to operate on a regional basis. In making this sug-gestion the Colker Report was echoing recommendations put forward some years ago, when a merger between Air New Zealand and the Australian national airline, Quantas was

Mr Bob Owens, the chairman of Air New Zealand, has, however, dismissed such an ideawhich is one that does not, in any case, lend itself towards the favour of the New Zealand



commended that the board of directors should be enlarged to include representatives of labour organisations and of the flight crew.

In the past Air New Zealand has expressed pride in its profit-able service and maintenance divisions, which supply catering and engineering facilities to other airlines flying into Auckland. However, the authors of the report said these should be separated from the airline and operated as independent organisations, tendering for Air New Zealand's work and competing

national airline outweighed the



Diversified in six business units: Abex, Pet, Hussmann, Pepsi-Cola General Bottlers, Midas, Illinois Central Gulf Railroad.

How do companies fare after IC Industries acquires

Pet and Hussmann, acquired in 1978, produced \$57 million in pre-tax income that year. In 1981, their combined pre-tax income reached \$95 million, an increase of 63 percent.

For one thing, low-margin product lines were divested.

And strong ones, given more support, increased their market shares.

Other IC Industries acquisitions have flaved too.

Midas pre-tax income was \$22 million in 1981, Midas pre-tax income was \$22 million in 1981, compared with \$9 million in 1971, the year prior to acquisation. And, Pepsi-Cola General Bottlers has enjoyed a 22 percent compound growth rate since its acquisition in 1970.

For all of IC Industries, 1981 net income reached a record high of \$134 million. Up from \$121 million in 1980.

Primary earnings per common share increased 10 percent, to \$6.65. Over the past five years, net income increased at a 17 percent compound annual growth rate. Primary earnings per share from continuing operations increased at a 15 percent rate.

"Growth by design." It's more than a slogar. It's a statement of accomplishment. For more information, please write: IC Industries, Inc., European Office, 55, ch. Moise-Duboule, CH-1209 Geneva, Switzerland.

IC Industries Growth by design.



BRISA

AUTO-ESTRADAS DE PORTUGAL SARL US \$50,000,000

Medium Term Loan

THE REPUBLIC OF PORTUGAL

Managed by

Banco Português do Atlântico CIBC Limited

Banco Totta & Acores Daiwa Bank Trust Company

Security Pacific Bank

Provided by

Allied Irish Banks Limited Banco de Vizcava, S.A.

Banco Espirito Santo e Comercial de Lisboa, London Branch Banco Português do Atlântico, Cayman Islands Branch Banco Totta & Açores, London Branch

Bancomer SA (Mexico), London Branch The Bank of New York, New York Banque Veuve Morin-Pons Canadian Imperial Bank Group

Christiania Bank og Kreditkasse The Commercial Banking Company of Sydney Limited Daiwa Bank Trust Company

European American Finance (Bermuda) Limited The First National Bank of Boston The Hokuriku Bank, Limited Manufacturers Hanover Banque Nordique Nippon European Bank, S.A.

Nomura Europe N.V. The Saitama Bank, Ltd. Security Pacific Bank Takugin International Bank (Europe) SA

Banco Português do Atlântico, New York



Worldwide field of vision for AB

As we enter into a new era of Arab Banking internationalization resources. becomes a top priority for Arab Banks Specialization and the development of expertise command special attention too.

Strong capitalization and the creation of diverse banking services will enable us to primarily cater to the financial needs of our clients in particular and the Arab region in general and allows us to act as conduits forintermediating their capital

Arab Banking Corporation

established branches in London and New York, with another branch to follow shortly in Singapore. Other financial centres are being studied with interest and to coordinate our business development plans in Europe, a represen-tative office has been established in the meantime in London.

Since establishment ABChas

dealt in wholesale banking activities such as interbank deposits and foreign exchange, international syndicated loans and the management of and trading in securities issues, commercial banking and investment advisory services.

Through our branches, additional banking services are offered to meet with our clients and correspondents requirements worldwide

Arab Banking Corporation (ABC)

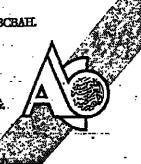
Head Office: Alia Building - Diplomatic Area, PO Box 5698 Manama, State of Bahrain, Telephone, 282235, Telex 9433 ABCBAH.

New York Branch: 245 Park Avenuc, New York, NY 10167 Telephone: (212) 850 0600. Telex: 427581 ABCNY. Arah Banking Corporation (ABC), London Branch, Licensed Deposit Taker: 6-8Bishopsgule, London EC:N 4AQ, Telephone: 01-2838511. Telex: 893748 ABC GENG.

Continental European Representative Office:

Mongan House, I. Angel Count, London EC2R 7H.J. Telephone: (II-6065461, Telex-8956601-2 ABC-G.)

The illustration is of the eye of a Peregoine Falcan, prived by folconium in the Middle East for its speed and he



NEW YORK Stock June June Stock	June June June June June June June June	
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ARA	on. 1334 1414 Modern Merchg 1012 1056 Sasied Power 2912 2 Mohasco	AFTER FLUCTUATING within a narrow range as investors awaited some positive news. Some export-orientated Present Shares staged a half. Wall Street made a mixed show cision Instrument, Light Electory hearted raily on light bargain ing at mid-session yesterday.
Adobe Oil & Gas 1745 1742 Conrac	291s 285s Motoroto 575, 575, 576, Shell Trans 30 2 1 Ppr 215, 244 Mursingwear 131s 13 3 125, 124 Murphy (GC). 105, 105, 105, 105, 107, 107, 107, 107, 107, 107, 107, 107	Analysts said the market is some ground yesterday, but stock After Monnay's broad retreat, ings yesterday, but 1974 are reductant to start buying arguing the market start buying arguing the points more of trading. After Monnay's broad retreat, ings yesterday, but stock the market started on a hesitant. The Hang Seng index, which prices overall mainly ended the market started on a hesitant. The Hang Seng index, which prices overall mainly ended the market started on a hesitant. The Hang Seng index, which prices overall mainly ended the market started on a hesitant. The Hang Seng index, which prices overall mainly ended the market started on a hesitant. The Hang Seng index, which prices overall mainly ended the market started on a hesitant.
Albany int	171s 17 171s 17 171s 17 17	U.S. interest rates, a poor The Nikkei-Dow Jones Average, of payments and a fall in 1.346.64. Combined turnover and economic outlook and the which retreated a further 45 veba's first quarter profits. How the four exchanges amounted to hostilities in the Middle East. points on Monday, eased a slight ever, bargain hunting brought a mete HK\$146.12m, down from the Dow Jones Industrial 2.36 more to 7.240.03. The Tokyo recovery later, leaving stocks the previous day's HK\$206.44m.
Alegheny Int	18 18 403 Nat. Gyrsum 188 184 Sonesta Inti. 10 1 1 10 1 10 1 10 1 1	Average was a slight 1.62 harder after ending 2.67 weaker the at 805.65 at 1 pm, while the after ending 2.67 weaker the Commersbank index down 8.3 East tension continued to direct the previous day. Volume was a low the previous day, recouped 1.6 at investors attention mainly 3 cents softer at \$63.33. There is no Manday's 130m.
Alcoa	Notomas	shares, exceeding Monday's Traders said the growing foreign buyers and continuing Bullion or the money market. I pm figure of 30.21m. Wall Street's pessimism about the wake of the Israeli advance stood in the way of an across-the has managed to hold above the into Lebanon and also the board rally. Brokers said an ausence of Bullion or the money market. They added that the market stood in the way of an across-the has managed to hold above the into Lebanon and also the board rally.
Am. Brands		and its impact on corporate Falklands fighting continued to The day's favourities were the main above that point unless activity of IBM, one of the most increase in a U.S. prime lending offspring of the former there are unexpected negative popular stocks among institu- The day's favourities were the main above that point unless of the main above that point the main above that point unless of the main above that point the main above that point the main above that point the main above that point the main above that point the main above that point the main above that point the main above that point the main above that point the main above that point the main above that point the main above that point the main above that point the main above that point the main above the main above the main above the main above t
Am. Gen. Insnee. 391s 391s Dart & Kraft. 27 267s Household ind. Am. Holst & Dk. 131s 131s Dart & Kraft. 515s 517s Household ind. Am. Home Prod. 351s 251s Data Gen. 251s 25 Hudson Bay! Am. Hosp. Suppy 407s Dayton-Hudson 55 354s Hughes Tool Humana	5 187s 1914 NIT	tional investors. IBM was off 1; to \$583 on turn— Investor caution was also over of about 1.4m shares, in- heightened by news that a In contrast. Utilities issue is not ready to rise much with chuding a block of 586,800 shares former Government transport Veba receded DM 1.90 to out some better news on fitterest
Am. Nat. Resces. 30% 31 Am. Petfina 581 5918 Am. Quasar Pet. 878 9 Am. Standard 23 22 Dentsply Inti 2358 2358 IC inds	Side Starling Drug	taking delivery on IBM's new scandal. Kuwait has an 18 per cent stake Markets drifted slightly easier 12.
Am.Tel. & Tel. 51 ls Diamond Intl 59 ls 39 ls Ideal Basto ll Ametakino 27 ls 27 Diamond Shank 9 16 ls Ideal Toy 17 17 18 18 18 18 18 18	13	pected to account for 10 per the verdicts for the current this year. The possible implications of DM 0.10 up at DM 119.10. The possible implications of DM 0.10 up at DM 119.10. The Domestic Bond market stocks showing little response this year. Oil Drilling stocks continued Government of Prime Minister indecisiveness of the Bonn Bullion in New York overnight.
Anchor Hockg 133, 133, 133, 133, 133, 133, 133,	1916 1978 Ogden 2258 2258 2258 2258 334 352 354 355 355 355 355 355 355 355 355 355	off to \$20 and Newpark Services to \$7%. Cabinet on how to cover the There was little overseas in multi-billion D-mark deficits in terest and few local seller. However, of the brighter spots, West Germany's 1982 and 1983 brokers said, adding that traders
Armstrong CK 1534 712 Dow Jones. 4256 4316 IBM	Outboard Marine 22 22½ Overseas Ship 15½ 15½ Overseas Ship 15½ 15½ Overseas Ship 15½ 15½ Overseas Ship 15½ 15½ Tesora Pet 17% 11% Texas Comm. 86 32¼ 32% Texas Comm. 86 32¼ 32%	at 257.95 at 1 pm after volume of 2.65m shares (2.79m). The Bundesbank bought DM Among Gold Minings, Pelastof 2.65m shares (2.79m). The Bundesbank bought DM Among Gold Minings, Pelastof 2.65m shares (2.79m). Wallsend lost 10 cents at A\$4.85 pm after volume to Y3,700 and Ploner Electronic Y30 The Bundesbank bought DM Among Gold Minings, Pelastof 2.65m shares (2.79m). Wallsend lost 10 cents at A\$4.85 pm after volume to Y1,560.
Auto-Data Prg. 2412 2412 Avoc. 1535 1512 Avery inti. 2412 4514 4512 Eastern Airlines. 514 516 Inti. Income Printi. Paper. Inti. Paper.	Prop 9 9 9 9 PPG Inds 503 51 Fexas Castern 24 9 24 12 11 12 11 12 Pac. Lighting 25 25 18 19 4 19 18 Pac. Limber 174 18 Texas Universe 194 18 Texas Universe 194 18 Texas Universe 194 18 Texas Universe 194 18 Texas Universe 194 18 Texas Universe 194 18	Markets in Canada also pre- sented a mixed appearance at on recent slow house starts and mid-day after quiet dealings. The apartment sales. Ohbayashi-Gumi Bourse prices generally to cents to A\$4.30. Switzerland 10 cents to A\$4.30. Switzerland 5 to A\$1.53 for a two-day fall of apartment sales. Ohbayashi-Gumi Bourse prices generally to cents on the reduced half-dies.
Avon Prod. 22 / 8 24 1 Eastern Gas & F. 18 1 18 1 Jeffn-Pitot 25 1 25 1 25 1 25 1 25 1 25 1 25 1	2512 2515 35 3534 Paim Beach	a marginal 0.6 at 1,459.7, but the Komuten Y5 to Y570 and Mitsu- late reaction to Monday's Gold shares index, after rising bishi Real Estate Y5 to Y430. increase in Customer Time Johannesburg
Bankers Tst N.Y. 27's 281s Elect. Memories. 37s 4 1oy Minf	213g 211g Pashody Inti	issues and other Non-ferrous and dollar rates high, Swiss modestly firmer on the fally in the Closing prices for North Metal shares an uplift. Oils shares are increasingly losing the Bullion price. Gains on the America were not available hardened on the prospects for attraction for both foreign and Heavyweights were limited to Rt.
Beker Inds	95e 94 Petrolane 1414 14 Trans World 1978 20	BELGIUM (continued) CANADA Stock June June 8 Price + or June + or June 8 Price + or June 8 Price + or June 8 Price + or June 8 Price + or June 8 Price + or June 8 Pri
Beth Steel	70 2046 Philbro Sal'n Inc. 2214 2318 77 Continental 18 117 18 18 19 19 19 19 19 19 19 19 19 19 19 19 19	7 4 Petrofina 4,590 +100 ACF Holding 77.5 -1.8 ANZ Group 3.52 -0.91 Kulosta 331 388 48. 15
Boise Gascade	754 778 Pitney-Bowes 2814 2835 1466 1112 1168 Pitney-Bowes 15 1468 1112 1168 Pitney-Bowes 654 7812 1155 1155 1155 1155 1155 1155 Piessey 8012 7812 1160 Camp	Algoma Steel. 2819 5012 Solvay
BP		Beil Canada 197s 192s Euro Comm Tst 75.7; Bryille Copper 1.18 Milishi Elect 251 25
Brunswick	A312 A32 5. U. Forest 22	
Surndy	361s 861s 861s Raison Purina 135s 135s US Statel 213s 21s 18. 204s 20 Raimada Inns 51s 51s US Surgical 21s 21s 21s 285s 287s Rank Org ADR 27s 25s US Tobacco 43b 42s 253s 264s Raytheon 333s 336s US Trust 354s 354s 25. 151s 184s 147s 144s Ud Technolgs 35ls 35ls	14 Can Packers
Campbell Red L 11 10 Florida Pwr & L, 317e 315e 215e 215e 215e 215e 215e 215e 215e 2	18½ 19¼ Reeves Bros 665g 5859 Upjohn	S Can Tire 34 t
Carnation 31 314 GAF 11½ 11½ 11½ CAP Tech 344 34 GATX 254 25½ Mac Mfors Hanove Manville Corp	7 624 649 Veseta cobbat 244 248 Mai-Walt Stotes 4818 48	Cont. Bt. Canada 634
Cental 29 2879 Gannet 3224 3834 Marine Mid.	1734 18 Reynoids (RJ)	Doma Petroleum 64g 61g
Cessna Aircraft. 1512 1528 Gen Electric 6012 6032 Maryland Cup Champ Home Bid 252 234 Gen Foods 5632 3678 Massou. Champ Int 1252 13 Gen Instruments 3412 378 Massa Murit.Co Charter Co 834 9 Gen Mills 4014 3972 Massa Murit.Co Charter Co 834 Gen Pub Utilities 434 434 May Dept. Str	3038 314 31 Rochester Gas 14 144 W.Point Peppi 2178 32 31 Rockwell intl 29 2834 Western Airlines 34 3 5 Pp. 184e 181e Rollins	1878 15 15 15 15 15 15 15 1
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Colgate Palm 1612 1672 Gould	59ta 59ta Schering Plough 29 29ta Zapata 164 16	Nat. Sag Prods A 71, 71, Noranda Mines. 135s 14 ONEL 1,075 + 24 Oumez 1,075 + 24 Oumez 2,55 OCIdental 1,075 + 24 Oumez 2,55 OCIDENTAL 1,075 + 24 Oumez 2,55 OCIDENTAL 1,075 + 24 Oumez 2,55 OCIDENTAL 1,075 + 24 Oumez 2,55 OCIDENTAL 1,075 + 25 OUMEZ 2,55 OCIDENTAL 1,075 OC
Indices NEW YORK —DOW JONES 1 1988 Singe Completes		Pacific Copper 1.54 1.55 1.682 -5
June June June June May 1933 Since Cmpil't'n 2 1 38 High Low High Low 4 Industr'ls 804.05 804.98 816.50 816.53 514.97.919.54 83.52 795.47 1051.70 (17.172) (27.182)	June June June June 1982 8 -7 4 5 High Low AUSTRALIA All Ord. (1/1/88) 481.1 482.6 487.2 488.8 585.5 (4/7) 455.8 (10/8)	Ranger Oil
H'rne Bnds. 59,54 59,82 59,81 58,88 58,78,60,96 60,27 55,57 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7	Metal & Minia. (1,1/80) 548.7 351.5 355.8 358.2 425.1 (5/1) 322.2 (2/4) AUSTRIA Credit Aktien (2/1/82) 51.40 51.61 51.50 51.63 58.96 (4/1) 51.40 (8/6)	Sceptra Res. 4.95 4.95 5.80 Roussel-Uclaf. 318.6 Skis Rossignol 651s Skis Rossignol 651s Skis Rossignol 651s Skis Rossignol 605 + 10 Sweden Res. 651s Skis Rossignol 605 + 10 Sweden Res. 651s Skis Rossignol 605 + 10 Sweden Res. 651s Skis Rossignol 605 + 10 Sweden Res. 651s Skis Rossignol 651s Skis Rossignol 651s Skis Rossignol 651s Skis Rossignol 651s Skis Rossignol 651s Skis Rossignol 651s Skis Rossignol 651s Skis Rossignol 651s Skis Rossignol 651s Skis Rossignol 651s Skis Rossignol 651s Skis Rossignol 651s Skis Rossignol 655 skis Ros
000-1 44,880 44,110 48,450 48,220 41,860 48,300 — — — — — — — — — — — — — — — — — —	Beiglan SE (51/12/65) 54.90 54.46 54.74 55.02 102.45 (5/4) 88.42 (29/1) DENMARK Copenhagen SE (1/1/76) 111.94 112.42 112.92 114.11 128.22 (25/2) 111.84 (8/6) FRANCE	Texaco Canada. 2612 2656 AGA 198 Swire Pac A 11.2 -0.1 June 8 Fride For Information News A 2014 2018 Trans Can Pipe. 1814 1814 GERMANY Astra. 2017 Astra. 20
June 4 May 28 May 21 Year ago (Approx)	CAJ General (\$1/12/\$1) 188.5 108.4 107.2 107.5 111.6 (12/5) 95.8 (4/1) 1nd Tendance (\$1/12/\$1) 118.5 117.5 118.7 119.1 124.8 (12/5) 97.7 (4/1) GERMANY FAZ-Aktien (\$1/12/\$5) 225.81 229.43 229.57 238.46 (5/4) 218.55 (18/1)	Westcoat Trans. 12% 12% June 8 Price + or Om Cellulose 212 June 8 June
June June June June June May High Low High Low Industria 125.00 122.82 124.90 125.15 124.81 124.95 157.28 118.41 190.98 5.52 Composite: 118.12 118.03 118.85 118.84 118.85 157.28 118.24 148.52 4.497	HCULAND ANP-CBS General (1978) 90.5 90.5 81.0 91.5 85.0 (10/5) 84.0 (5/1) ANP-CBS Indust (1978) 89.5 81.6 70.6 70.8 74.9 (19/5) 85.2 (4/1)	BAYER 117.5 +1.2 Fortis (Free) 125 -4 Alinomoto 836 -4 De Beers 4.50 1.5
(4/1) (5/5) (28/11/80 (1/6/62) (1/	HCNG KONG Hang Seng Bank (\$1/7/84 1545,84 1557,48 1581,56 1577,50 1445,52 (12/1) 1129,85 (9/6) FTALY Banca Comm Ital.(1572) 175,50 174,99 175,86 175,17 212,66 (18/6) 171,99 (24/5)	20mmerzbenk 159.2 -0.5 5KFB 117 178.2 -0.5 5KFB 177 178.2 -0.5 5KFB 178.2 -0.5 5KFB 178.2 -0.5 5KFB 177 178.2 -0.5 5KFB 178.2 -0.5 5KFB 178.2 -0
17.56 7.41 7.74 9.14 10.00	JAPAN	Landerbank 181 -5 Deutsche Bank 267 +1 Perimoser 500 Souge Hidg 25 +1 Step Dalmier 157 -2 Step Dalmier 157 -2 Veitscher Mag 192 -4 Hapag Lloyd 59 -5 -5 -5 Hapag Lloyd 59 -5 -5 -5 -5 -5 -5 -5
June June June June High Low Rises Traded 1,875 1,825 1,848 7 4 5 2 High Low Rises 539 330 694 63.36 63,42 64,42 64,65 71,20 62,52 Unchanged 452 400 438	SINGAPORE Straits Times (1866) 751,18 727,81 742,55 752,50 810,78 (8/1) 687,48 (9/5) SOUTH AFRICA Gold (1968) (u) 584,2 188,8 884,4 569,3 (5/1) 539,5 (4/6) Industrial (1868) (u) 650,5 527,4 526,8 711,7 (8/1) 525,5 (5/6)	Hoechst
MONTREAL June June June June 1989 June 7 4 5 2 High Low	SPAIN 1986 1986 1986 1987	Selection 175.6 2.5 Electrowatt 2,365 5 11ch (c) 280
Industrials 262.88 256.88 283.38 272.22 632.78 (4.1) 582.88 (7.6) 250.65 255.16 257.14 616.08 (4.1) 256.56 (7.6) TORONTO Composite 1468.0 1469.5 1464.4 1485.5 1556.3 (4.1) 1469.9 (7/6) NEW YORK ACTIVE STOCKS	Second at P. (17(58) SSE,11 SSE,12 SSE,52 SSE,52 SSE,52 SSE,52 (22/1) SSE,52 (22/4)	Senser's
Change Change Change Monday Stocks Closing on Stocks Closing on traded price day IBM	(**) Seturday, June 5: Japan Dow 7,287.47, TSE 544.91. Base values of all indices are 100 except Australia All Ordinary and Metals—	Electrobel 4,340 -30 Rhein West Elect 164 Sandoz (Pt Chs) 840 -5 Fabrique Nat. 2,510 +60 Rosenthal 260.5 G.B. Inno. 2,540 +65 Schering 27 +2.5 GBL (Bruztl) 1,312 -6 Gevaert 1,785 +20 Thyssen 215.5 Gevaert 1,785 +20 Thyssen 82.7 +0.5 Gevaert 1,785 +20 Thyssen 82.7 +0.5 Gevaert 1,785 +20 Thyssen 6,050 -50 Swiss Bank. 260.5 Swiss Bank. 2
Gitles Service 653,900 36 -21, Schlumberger 529,000 40% - 1, ATT	500. NYSE All Common—50: Standard and Poors—10: and Toronto—1,000: the iast named based on 1975. 1 Excluding bonds. \$ 400 industrials. \$ 400 andustrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed u Unavadable.	
and the second of the second o		

CHIMATUMA A JANON TYCHIROMUN MUHA A ROUM

Base rate cuts fail to generate stimulus necessary for 30-share index to break record—Gilts turn dull

First Declara- Last Account Declings tions Dealings Day
June 7 June 17 June 18 June 28
June 21 July 1 July 2 July 12
July 5 July 15 July 16 July 26

"New time" dealing may take place from 8 am two business days
certies.

Chearing bank base rate reductions of 1 to 124 per cent failed

improve. At the close, however.

losses to 1 prevailed at both ends
of the market.

In other areas of London stock markets, trading and other statements, including fund-raising proposals generated interest. The most important among these was Midland Bank's

tions of 1 to 121 per cent failed yesterday to inject the stimulus to take the long-established FT 25-year Loan stock; the Industrial Ordinary share index to an aki-time record Within less the clearer was contemplating than a point of its April 1981 the issue of new Ordinary shares peak of 597.3 soon after the opening, this measure subsequently responded sharply. eased continuously to close a net
1.4 up at 594.0. The small overall
gain was, however, sufficient to
take the FT-Actuaries All-Share
index to a high since compilation
of 240 of of 340.98.

A day which thus began pro misingly for equities in antici-pation of increased investment through the commitment of pentup funds ended rather raggedly, ing of subordinated Unsecured Another favourable indicator, the May wholesale price indicator, was amulied by the month's sharp expansion in money growth, estimated officially at around 14 per cent compared with recent increases of only 1 to 402p, after 404p.

3 - San 1

To Marian

today's application for the new favourably with Provident Finan-

short tap Treasury 121 per cent Convertible 1986 in £30-paid form, the shorts also managed to improve. At the close, however,

among these was Midland Bank's call for £100m via the issue of a

Midland good

Already a couple of pence harder following the ball per cent reduction in base lending rates, Midland advanced further to finish 12p up at 350p, after 354p, the announcement that the bank is raising £100m via a plac-Loan stock 2002/07 suppressing rights issue fears. Other major clearers improved in sympathy, with NatWest ending 9 up at 452p and Barclays adding 7 at 472p, after 474p, Lloyds put on 4

per cent.

The latter particularly affected Government securities, which relinquished early gains to settle lower for the first time in 12 trading sessions. Gains initially ranged to 1 among longer-dated assues and, shead of the Purchases also responded today's application for the new course favourably with Provident Finances.

	June 8	June 7	June 4	S June	Juna 2	June .	ago Year
Government Secs	70,39	70,40	70.16	70.08	69.76	69.74	65.8
Fixed Interest	70,32	70.32	70,32	70.26	70.00	70.06	67.21
Industrial Ord	594,0	. 592,6	587.8	586.8	585,1	.587,3	545,6
Gold Mines	235,7	. 228,0	222,0	224.0	220.0	229.4	338.9
Ord, Div. Yield	5.51	5,33	5,87	5,39	. 5.39	5,37	5,91
Earnings, Yld. %(full)	11.06	11.11	11.19	11.23	11,25	11,88	11.76
P/E Ratio (net) (*)	10,99	10.94	10,86	10.82	10.79	10,82	10,61
Total bargains	17,226	16,238	17,032	15,399	14,610	15,760	19,740
Equity turnover 2m.	_	128.40	136,50	123,26	129,26	111,74	131.83
Equity bargains		12,498	14,830	15,230	12,305	12,190	15,469

S.E. ACTIVITY HIGHS AND LOWS

4.4	. 19	82	Since Co	mpilet'n		June 7	June
	High	Éow	High	Low	· · · · · · · · · · · · · · · · · · ·		4
Govt. Secs	70,40 (7/8)	(61,89 (6/1)	127.4 (9/1/55)	49.18 (6/1/75)	Daily Gift Edged Bargains Equities	185.3	186,6
Fixed int	70,82	. 62.79 (7:1)	150,4	50,53	Bargaine Value	81.0 259.5	96.1 275,9
Ind. Ord	594.0 (8/8)	618.1 (5/1)	1	(28/8/40)	5-day Avrge. Gilt-Edged Bargains	178.0	175-9
Gold Mines .	302.0 (6/1)	(9/9) 209.2	558,9 (22/9/80)	43/5 (28/10/71)	Equities Sarga ins Value	84.3 254.6	

HEALTH & HOUSEHOLD F.T.-ACTUARIES INDEX

cial notable for a rise of 6 at Rumours of a bid or dawn raid from overseas again brought about a ready response from Minet, which touched a 1982 peak of 2070 before closing 2 dearer on balance at 204p. C. E. Heath, recently talked of as a possible merger partner for Minet, found support and jumped 14 to 327p. Elsewhere in Insurances, London

United Investments gained 8 to

187p.
Disappointing interim figures from Bass, down 7 at 240p, after 248p, tended to dampen initial enthusiasm for the Browery leaders. Allied-Lyons, up to 101p at one stage, closed unaltered on balance at 99p. Regionals, in contrast, made a bright cheming. bright showing. Young A improved 7 further to 320p, while Burtonwood gained 8 to 445p and Beddingtons 5 to 171p. Ruddles were 6 dearer at 174p. Elsewhere, HP Bulmer advanced 13 more to 435p. and Merrydown

The trend towards cheaper money prompted fresh support for Building descriptions and Cement issues made a particu-larly firm showing helped by talk that deliveries were picking up. Blue Circle rose 12 to 476p. Tarmac gained 12 to a 1982 peak of 598p, while BPB Industries touched 470p before settling a net 4 up at 468p. London Brick firmed 3 to 104p, while Notting-ham Brick, a thin market, jumped 10 to 175p. Further small buying lifted Burnett and Hallamshire 30 to 885p and Wilson (Connolly) 8 to a 1982

Interest in leading Chemicals faded and KI, after opening a hade firmer, drifted off to close 2 cheaper on balance at 330p. Fisous edged up a couple of pence to a 1982 peak of 365p.

Habitat firm

Habitat stood out among Stores, rising 6 to 154p. Elsewhere, N. Brown Investments gained 5 to 128p on further conideration of the preliminary 231p before reacting to close a figures, Bambers revived with a penny cheaper on balance at rise of 3 to 26p. Foster Bros 227p; the new nil-paid shares added 4, at 68p, as did Harris

balance at 550 premium, after by a rise of 13 to 468p in British 59p premium. Among other and Commonwealth. Still reflecting the deal with J. Fisher, Most Houses added a penny to Hunting Gibson hardened 2 for port and shed 6 to 73p.

St. George's up

Demand ahead of Friday's
preliminary results helped Pilkington to close 11 better at 248p
among mixed miscellaneous
industrial leaders. Reed International picked up 4 to 326p,
after 330p, following a reappraisal of the results, while
Bowater revived with a rise of
6 to 220p. Reeklir and Colman
rallied 6 to 302p but Glaxo, after
touching a 1982 peak of 720p,
closed a couple of pence cheaper
on balance at 715p. Secondary on balance at 715p. Secondary issues provided numerous features. St George's Group advanced 61 to 138p, after 141p, on news of a bid approach and Extel jumped 13 to 353p following the provided in the state of the ing revived investment demand.
Rock Darham gained 2 to 14p in Queensway, 194p, and A. G. Stanley, 61p.
Plessey continued to attract buyers on defence spending considerations and rose 10 more to 465p. GEC recorded a fresh 1982 peak of 960p in the early trade but reacted on lack of followresponse to the chairman's encouraging AGM statement, while
Sketchley firmed 3 to 2659 despite the proposed 27.25m
rights issue which accompanied
the results. Still reflecting
investment comment. Whatman

Proposed 27.25m
rights issue which accompanied
the results. Still reflecting
investment comment. Whatman

Proposed 27.25m
rights issue which accompanied
the outset, reflecting strong
gains in gold and gold shares in
overnight U.S. markets, and but reacted on lack of follow-through support to close only the turn harder at 955p. Recently troubled by rights issue fears. Thorn EMI perked up 6 at 425p. Elsewhere in Electricals, Standard Telephones and Cables put on 10 to 615p as did Lec Refrigeration, 230p, while Sound Diffusion firmed 8 to 111p. CASE were unchanged at 303p; the company has an official listing and is not traded in the Unlisted Securities Market as stated here yesterday.

Inclined harder initially, the Engineering leaders turned

on offer and fell 20 to 380p, while Sothebys were also friendless at 290p, down 17; the latter's half-year figures are due early next Dowly met renewed support and firmed 5 to 141p. Garages were irregular. Revived demand in a market short of stock lifted

year. Amalgamated Metal came

Lex Service 5 to 130p, but lack of interest left Henlys 3 cheaper Small buying in a restricted market lifted book publishers

closed only a couple of pence above the worst at 138p, down 6 on the day; a large line of shares Routledge and Keegan Paul 20 to 200p. Inclined firmer at first on the base rate cuts, leading Properties drifted off to close virtually unchanged, although secondary issues made progress in places. Daejan met support again and put on 6 for a two-day rise of 11 to 167p, while Laing Properties, 186p, and Espley-Tyas, 91p, added

Oils usually closed a shade cheaper after a slow trading session. Inclined harder initially, BP closed 2 off on balance at 322p, but Shell finished that much dearer at 424p, after 426p. Outside of the leaders Premier responded to the preliminary figures and proposed scrip issue by rising to 51p before drifting Chambers and Fargus met revived support and out on 4 to 34p. while Albert Fisher touched 48p before closing a back on lack of follow-through support to close only a penny firmer at 49p. Marinex continued to make progress at 123p, up 5, but Clyde turned dull at 110p,

advanced to 147p in response to Grand Metropolitan touched the recovery in half-year profits before closing 3 firmer on the 227p; the new nil-paid shares also settled a penny easier on

29th following a Press mention, a two-day rise of 19 to 120p. but Brent Walker lacked support Fresh selective support was evident in Textiles. Jarome Holdings were outstanding at 72p, up

7, while Nottingham Manufactur-ing continued to make progress with a further gain of 6 to 188p. Nova Jersey firmed 3 more to 82p, while rises of 2 were marked against R. Smallshaw, 29p. and Bulmer and Lumb, 40p. Atkins Bros. hardened a penny to 74p

following the preliminary figures.
Tobaccos followed the general trend, Imps closing without alteration at 98p after touching 100p in the early dealings.
South African industrials made progress with Barlow Rand clus-ing 14 up at 332p and OK Bazaars 40 better at 725p.

Golds advance

Gold shares made another bright showing, boosted by yesterday's further rise in the bullion price and the generally good dividends from the Gold Fields group mines.

Reeve Angel gained 5 more at 310p. Consultants improved 7 more to 184p. Retaprint lost 2 to 10p on the proposed £1.4m rights issue and details of losses incurred during the last financial \$60 up at \$330.375 an ounce after However, a late downturn in the bullion price, which closed \$6 up at \$330.375 an ounce after having touched around \$336 in unofficial trading earlier, prompted scattered selling from the U.S. and share prices closed a function helps the day's heet

a fraction below the day's best Among the dividend declarers the payments from Doornfontei and Libanon were particularly well received with both up 27 at

well received with both up 21 at 768p and 782p respectively.
The payments from Driefontein, 2 firmer at £10, and Kloof, 2 better at £122, were considered to be satisfactory while Deelkraal managed a 5 gain to 159p despite the dividend ommission. The next batch of June divi-dends, those of Grootvlei, Marievale and St Helena, is due on

Friday.
The Gold Mines index put on 7.7 more to 235.7—a two-day gain of 13.7. In South African Financials

UC Investments gained 35 to 425p and "Amgold" I to £31 while London issues were highlighted by Rio Tinto-Zinc, up 8 at 420p. Australians remained in the doldrums.

The volume of business in

Traded Options contracted with the number of deals reduced to 1,584 from Monday's 2,280. Imperial were again fairly busy, recording 325 contracts—265 calls

RISES AND FALLS

support to close only a penny	YESTE	RDA	Y		l
firmer at 49p. Marinex continued to make progress at 123p, up 5, but Clyde turned dull at 110p,	British Funds Corpus., Dom. and Foreign Bonds	Rises 7 20	Falls 55	Same 30 54	l
down S. Among Financials, RKT advanced to 147p in response to the recovery in half-year profits before closing 3 firmer on the	Industrials Financial & Props. Oils Plantations Mines Others	366 174 17 3 56	146 46 27 4 21 40	54 833 291 65 16 82 63	
day at 141p. Firm shippings were featured	Totals	-680	342	1,434	ĺ

RECENT ISSUES

	,	 -		·	EQUITIES						
lesue price	mount da up	I 출구축	li -	82	Stock	Olosing price	+ <u>o</u> r	DIM P.	Times	Gross Yield	
1250 \$90 15 \$280 \$150 \$8712p	F.P. F.P. F.P.	16 4 4/6 28/5 25/6	278 101 32 420 161 98 17 250	265 92 19 295 140 84 10 245	Assoc. Heat Services & Black (Michael) 20p Cambrian & Gen. 74p & Cont. Microwave & Druck Hidgs Electro-Prot. USS. 50 & Group Inv Option & lo Technology	278 99 31 420 161 85	+1	55.25 52.3 043.0 55.25 52.3 043.5	2,1 2,4 3,9 2,5	4.5 1.8 2.0 1.0	16 - 16 28 11
1105 600 77 140 11	F.P. F.P. F.P. F.P.	=	121 670 97 174 29 90	110 635 88 160 19 50	Miles 33 100 Orlfiame SA (US\$1.50) ARadio City 'A' NV ARuddle (G.) 10p Stewart Nairn Zambia Cons Cpr 10K	535 93 174 21	<u>l-1</u>	bQ50c b5.5 b3,3		4.4 8.6	10 10

FIXED INTEREST STOCKS

	lesue price £	mount aid up	atest Jate	19	B 2	Stock	Closing price &	+ *
١	.	42	72.	High	Low		00	<u> </u>
ľ		£10		11	1016	BournemouthWater9% Red. Prf. '87 89	11 254	-14
1	499,898	£25	14/7	2512	2112	Cred. Foncier de France 142% Lon.2007		
	4100	F.P.	1/7	1024	101.4	East Angila Water 9% Red. Prf. 1987	1014	
	- 44	F.P.	1 <u>-</u>	14612	136	iFirst Nat. 124bc Conv. Uns. Ln. 1967	14-8	·
	7100	F.P.	i — i	47	88	igrt. N'rth'n inv. 4pc Net Cum. Pri. £1	39	
1	1100	IF.P.	I 🚤	46	45	l Do. 4.7pc Net Cum. Pri: £1	46	
1	1100	Ni	۱ ـ	iom	lenm	Mariborough Props. 10% Cny. Ln. '89-2002	34pm	 44
	7100	£ìö	۰.	1 71	! 11	Mickeyorthern Wtr. 92 Pref. 1967	1 11	ļ
	1100	F.P.	1 —	10078	1004	Nationwide Bdg. Soc. 143(% (25/4/85))	1005g	+ 38
1	100	F.P.	J	100	99.	J Do. 1378% (86/0/83)	TOO	} +- -B
ì	100	F.P.	1 =	1001			100½	
	4107	F.P.	29/4	1777	100	Queens Moat 10/2 Cnv. 89-91	1114 2	+10
1				1117	1 16.	Wrexham Water 9% Red. Prf. '87-89		l
	¶100	£10	_	, 44	1 4415	Micking paral of contrast at a second		

"RIGHTS" OFFERS

issue i	클립		date Stock		alega Porta	+ 0*		
Price	Am'ı pald	•	. =	High	Low		δĀ	
10 170 135 174 5 5 500 500 01, 158 50 326 170 10	F.P. F.P. Nill F.P. Nill Nill F.P. F.P.	20/5 29.5 14/5 24/3		13 ³ 4 190 179 59pm 5 ¹ 2pm 615 590 2 ¹ 4pm 294 120pm 284 121 ₂	10 180 158 44 pm 5 pm 875 530 2 lepm 6 pm 80 pm 272 104	Anshacher (H.) 5p. Bank Leumi (UK) £1. Carlese Capel 10p. Grand Met 50p. Grand Met 50p. Grovebell (5p). Hammerson Prop. Do. Norsk Hydro (Kr. 100). Press (Wm.) 10p Steel Bros. Sturia 10p. Viokars (£1).	1054 185 176 55pm 412pm 615 690 212pm 7pm 90pm 242 1112	+1 -1 +1 +5 +10 +1
25	NiC.	-	_	12pm	¹2pm	Young (H.)	12 pm	

Renunciation date usually lest day for dealing free of stamp duty. b Figures based on prospecture articate. d Dividend rate paid or payable on part of capital cover based on dividend on full capital, g Assumed dividend and yield, a ladicated dividend: cover ralates to previous dividend, P/E ratio based on intest sanual earnings, a Forecast dividend: cover based on previous year's samular as a Figures or respectus or other official estimates for 1982. Q Gross. T Figures assumed. • Figures or report awaited. ‡ Cover allows for conversion of shares not now making for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Insued by tender. ¶ Offered to holders of ordinary shares as a "rights." **lessed by way of capitalizatios. ¶ Relatroduced. ¶ Issued in connection with reorganisation marger or take-over. ¶ Introduction. ☐ Issued to former preference holders. ¶ Allotteent issues for fully-paid). • Provisional or partly-paid allottment latters. † With warrants. †† Dealings under special Rule. ¶ Units Socurities Market. ‡ London Listing. † Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). A Issued free as an entitlement to ordinary holders.

ACTIVE STOCKS

Abová average s	cuvity was noted	in the following stocks	yestercsy.
Stock Doomfontein	55pm - 1 327 +14 98 - 280 -	Stock Minet	Closing price Day's change 204 + 2 452 + 9 138 + 6 138 - 6 598 + 12

MONDAY'S ACTIVE STOCKS

_	D8580	Ou osiê	alus Lac	Dinen iu 9'E' Anii	P101 C721		
•		Aondev's	8 [.]			Aonday'	's'
	No. of		_		No. of	closing	
	Drice	price	Dey's		price	price	Day
Stock	changes	релса	change	Stock	changes	релсе	chang
GEC	. 15	954	+ 9	Fisons		363	+13
Allied-Lyons	. 14	99xd	+ 21/2	ICI,		332	+ 2
Metal Box	. 14	166	+16	Plessey		455	+10
Reckitt Colman	1 14	296	- 4	Cable Wireless		285	4 5
Beecham	. 13	277xd	+ 17	Grand Met New		56pr	
Glaxo	. 13 .	717 -	+10	Roya Insurance	11	347	+12
CL	. 13	59	- 3	BAT Inds	. 10	455	H; 2

FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS		Tue J	ume 8	1982		导	June 4	June 3	Jame 2	(abbutur) ago
Figu	& SUB-SECTIONS res in parentheses show planter of stocks per section	index No.	Day's Change	Est. Earnings Yield % (Max.)		Est. P/E Radio (Net)	Index No.	hadex No.	Index No.	ladex No.	Index No.
11	CAPITAL GOODS (209)	403.71	+0.7	9.13	4.06	13,47	490.94	398.06	316.79	398.29	363.49
2	Building Materials (23)	349.07	+1.8	12.57	5.19	9.39	30.52	34.15	363.97	363.62	300.20
3	Contracting, Construction (26)	630.35	+13	13.55	4.87	8.50	622.54 1405.80	624.87 3469.23	165.2 1471.11	169.5	557.90 3074.08
4	Electricals (31)	3492.25	+0.5	6.49	2.01 6.02	19.58 9.13	582.50	5EL24	47.75	41.23	465.33
5)	Engineering Contractors (11)	903.38 200.93	+0.3	10.99	5.59	10.99	2837	25.0	26.25	206.74	213.34
6	Mechanical Engineering (67)	169.97	703	10.64	6.99	12.52	170.55	142.63	170.24	17616	161.52
8	Metals and Metal Forming (11)	95.04	+1.0	181	7.42		94.66	95.58	93.37	95.78	192.56
10	Other Industrial Materials (18)	374.00	+0.7	9.86	5.67	12.49	371.36	34.21	368.75	34.73	370.49
2	CONSUMER GROUP (201)	317.49	+8.5	12.47	5.49	9.72	316.00	315.67	334.71	313.24	201.24
22	Brewers and Distillers (22)	333.83	-82	13.95	6.10	8.74	334.50	335.61	329.67	326.73	317.34
25	Food Manufacturing (22)	279.AI	+84	17.17	6.52	6.79	24.87	26.40	243	267.02	256,77
兹!	Food Retailing (14)	624.65	+1.8	9.09	5.41	13.35	618.39	618.22	(27.5)	612.38	276.0
27 ·	Health and Household Products (8)	471,83	+0.7	7.25	356	16.28	4557	475.94	475.67	473.77	327.63
29	Leisure (23),	443.86	+1.0	19.00	5.23	1251	495	491.42	440.45 538.78	440.06	424.92 538.28
32 Ì	Newspapers, Publishing (12)	538.76		12.72	5.85	18.61	538.78 151.35	538.78 159.28	149.60	537.62 150.16	158.82
33	Packaging and Paper (14)	153.22	+12	15.24	7.09	·7.62	231.62	286.91	288.82	28.25	24.7
34 [Stores (45)	287.51	+0.5	10.20	4.81	12.93 9.62	173.96	175.43	175.54	175.19	153.45
35	Textiles (23)	274.95	-01	21.54	2.10	5.23	231.77	35.3	332.59	332.53	2677
36	Tobaccos (3)	331.31 287.33	+11	0.20	524	احد	284.13	254.82	285.54	265.35	296.70
39	Other Consumer (15)	26.83	+0.3	12.91	625	9.37	265.95	24.02	263.19	261-78	227.83
2]	OTHER GROUPS (77)	352.59	-0.2	13.06	6.61	9.19	353.48	358.24	30,72	346.42	200.37
42	Office Equipment (4)	114.03		14.26	7.66	8.62	114.03	114.42	11450	1142	114.76
45	Shipping and Transport (13)	594.01	+13	19.10	7.05	6.35	576.75	572.74	572.12	\$7.38	562.61
46	Miscellaneous (44)	345.99	+8.7	16.85	5.46	11.23	343.55	341.12	361.00	338,74	294.95
쯝	INDUSTRIAL ERGUP (487)	339.96	+8.5	11.27	5.05	19.80	338.15	334,42	336.32	335,15	25.65
哥什	Otis (13)	754.00	-0.1	20.93	7.69	5.41	154,57	746.78	743.66	749.37	739.34
쑭	500 SHARE INDEX	373.84	+0.4	12.82	5.48	9,31	372.24	34,14	361.50	348.78	330,27
	FMANCIAL SECUP (117)	251.93	+0.9		6.60		249.66	248,82	248.73	247.35	256.40
62 62	Banks(6)	277.79	+1.7	37.68	7.74	2.90	273.20	273.74	274.53	271,30	256.89
63	Discount Houses (9)	242.23	+3.0		9,42	<u> </u>	235.17	233.85	254.84	236,82	
65	losurance (Life) (9)	268,71	+85	l — I	6.51	i —	267.47	26.52	2AD	263.54	268.60
66	Insurance (Composite) (10)	154.41	484	-	9.17	_	153.45	151.99	151.92	152.24	149.76
67	insurance Brokers (7)	506.74		10.92	512	12.42	498.66	493,39	499.34	44.0	462.16
68	Merchant Banks (12)	147.57	+0.2		5.75	_	147.51	34551	16.52	163.41	165.99
69	Property (49)	425.81	+0.7	5.24	3.76	25.48	422.98	421.46 173.82	173.43	4110	46.71 176.36
70 I	Other Financial (15)	172.63	+63	18.01	6.63	6,42	172.09		,	173.77	
71	Investment Trusts (111)	365.33	+0,3	<u>. .</u>	5.33		39L33	35.17	36.46 198.47	30125	397,18 246,77
81	Mintog Finance (4)	198.75	+8.9	15.71	7.09	7.98	196.98	199.00	360.63	31.5	462.54
91	Overseas Traders (18)	353.93	+0.3	14.06	8,93	8.30	353.68	359.65			315.86
99.1	ALL-SHARE DIBEX (750)	340.96	+0.5		5.73	-	377,26	337.71	331.51	336.61	ואכונ ן
-	FIXED INTERE	ST				GE GRO	SS YIELDS		Tue June B	Mon June 7	Year 200 (2001011.)

FI	XED	INTE	REST			AVERJ REDEI	GE CROSS IPTION YIELDS	Tue June B	Moa June 7	Year ago (approx.)
PRICE HIDICES	Tot June 8	Day's change	Man June 7	pd adj. today	zd add. 1982 to date	Initish 1 Law 2 Compon	5 years	12.51	11.02 12.48 12.48	1236 1294 13.65
1 Syess 0	112.79 113.64	+8.83	113.71 114.65	8.36 8.21	5.40 5.44	4 Median 5 Caupon 6 7 High	5 years	13.46 13.46 12.87 13.42	13.39 13.41 12.85 13.35	14.52 14.77 14.37 14.52
3 Over 15 years	118.65 120.82	-125	118.46 128.82 114.85	0.14 - 0.23	5.74 6.30	8 Compte 9 D kredec	15 years	1218	13.57 12.91 12.18	14.97 14.56 12.40
5 All Stocks	39.37 65.20	+425	9935 65.00		5.10	1 Dels 4 2 3	15 years 25 years	14.47 14.46 14.44	MAR MAR MAR	15.40 15.40 15.40

e Corrected figures for June 7, 1982.

NEW HIGHS AND LOWS FOR 1982

Queensway, 194p, and A. G.

Ensineering leaders turned easier and ended a few pence

cheaper on balance. In contrast, TI were dull throughout and

was reported to have been on offer. Among secondary issues, revived demand in a limited market left Yarrow 20 bigher at

385p, while Chemring, reflecting

Press mention, firmed 10 to 390p. Thomas Locker responded to the

increased dividend and profits with a rise of 3; to 17p, but lower annual profits left Capper-

Neill a couple of pence lower at 57p. Westland closed 3 down at 117p awaiting today's interim

Food Retailers displayed a firm appearance. J. Sainsbury rose 5 to 635p and Associated

Dairles 4 to 134p, while Bishops A, sull reflecting the better-than-expected preliminary results, added 5 more to 110p. Elsewhere,

NEW HIGHS (129)

BRITISH FUNDS (7)
INT. EK. & O'SEAS GOVT. STLG. ISS. (1)
LOANS (4)
FOREIGN BONDS (2)
BANES (1)
BEERS (3)
I BUILDINGS (11)
CHEMICALS (5)
DRAPERY & STORES (11)
ELECTRICALS (9)
ENGINEERING (7)
FOODS (5)
HOTELS (2)
INDUSTRIALS (29)

NEW LOWS (43)

BANKS (3)

STORES (1)

HOTELS (1)

INDUSTRIALS (6) vices Duple int.

McLeod Russel Do. 5.4pc Chy. Pf.

OPTIONS Last

Deal- Declara Settle tion ment May 24 June 11 Sept 2 Sept 13 June 14 June 25 Sept 16 Sept 27 June 28 July 9 Sept 30 Oct 11 For rate indications see end of Share Information Service Stocks to attract money for

the call included J. Hepworth, Electro Protectives, Lois, UDS, Black and Edgington, Clyde Petroleum, ICL, Barker and Dobson, First National Finance. Central and Sheerwood, Imperial Group, Pacific Copper, Fremier Consolidated, Town and City and Ladbroke. Calls were arranged in Glaxo, Fisons and Imperial Group, while double options were transacted in Electro Protectives, Town and

City and Premier Consolidated

London Clearing Banks' balances

as at May 19 1982

KLIGIBLE LIABILITIES

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. They are prepared by the London clearing banks and cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the monetary sector.

TABLE 1.		•			1		Total standing		nge od onth
AGGREGATE BALANCES		lotal tanding		nge on onth		£m	£m	£m	£m
LIABULITIES	£m	£m	£m	£m	Bills: Treasury bills	188		+ 13	
Sterling deposits: UK monetary sector UK private sector UK public sector	12,657 46,624 935		+847 + 51 + 58		Other hills Special deposits with Bank of England	1,184	1,372	+127	+140
Overseas residents Certificates of deposit of which: Sight	6,028 3,287	69,531 21,876 47,655	+ 2 + 79	+1,037 +108 +930	Investments: British Government stocks Other	2,653 2,600	5,253	- 13 - 12	– 25
Foreign currency deposits: UK monetary sector Other UK residents Overseas residents	12,841 3,284 30,198	41,00 0	-100 -119 -701		Advances: UK private sector UK public sector Overseas residents	43,876 664 3,497	48,037	+364 + 97 + 56	+517
Certificates of deposit	4,157	50,389	+ 14	-905	Other sterling assets* Foreign currencies Market loans:		8,380	•	-325
Other liabilities*		119,920 14,996		+132 -367	UK monetary sector	12,733 334		-729 - 27 -116	
TOTAL LIABILITIES	 	134,916		- 23 5	Bills		34,715 110		-873 + 13
ASSETS					Advances: UK private sector	3.064	-	+ 34	10
Sterling Cash and balances with Bank of England		: 1,182		- 53	UK public sector Overseas residents	495 11,342	14,901 2,755	- 12 - 188	167 48
Other UK monetary sector Certificates of deposit	2,700 11,352 1,242		+ 94 +659 - 90		Other foreign currency assets* TOTAL ASSETS		134,916	•	-235
Local authorities Other	1,573 1,344	18,211	- 18 - 58	+587			2,534 52,394		- 17 +607
<u> </u>		* Incl	udes ite	ms in st	spense and in transit.				
						NATI	ONAL	WILLI	MS &

TABLE 2. INDIVIDUAL GROUPS	. TO:	TAL	BARC		LLO	YDS Change	MRDL	AND Change				
OF BANKS BALANCES	Out- standing	Change on month	Out-	Change on month	Out- standing	on month	Out- standing	on month	Out- standing	month	Out- standing	on month
LIABILITIES Total deposits	£m 119,920	£m +132	£m 33,846	-£m 389	£m 21,660	£m +372	£m 25,066	£m 291	£m 36,120	£m +525	£m 3,229	£m. ⊷ 85
ASSETS	•	-	-									
Cash and balances with Bank of England		53	374	- 2	233	+ 48	232	<u> 19</u>	304	⊷ 78	40	 4
Market loans:												
UK monetary sector		+ 24	7,039	· -574	4,698	+447	3,603	. —233	10,973	+458	471	⊢ 74
Other	-	-310	7,363	- 18	5.066	∸464	5,455	- 37	- 7 ,403	+196	855	+ 13
Bills	1,482	+153	504	+ 89		+ 77	321	- 61	.317	+ 67	21	 2 6
British Government stocks	2,653	– 13	836 ·	+ 3	42 6	- 3	800	+ 12	539	⊢ 25	52	
Advances	62,938	+350	18,503	+110	11,597	+176	13,907	+ 66	17,085	+ 1	1,847	F 3

9,162 +281 10,752 +168 14,207

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Dollar in demand

DOLLAR — Trade-weighted index (Bank of England) 116.6 against 115.9 on Monday, and 106.5 six months ago. Threemonth Treasury bills 12.14 per cent (10.23 per cent six months ago). Annual inflation 6.6 per cent (6.8 Per cent previous month)—The dollar rose to DM 2.4050 from DM 2.3820 against the D-mark; to FFr 6.24 against the D-mark; to FFr 6.24 against the French franc; to SwFr 2.0435 from SwFr 2.03 in terms of the Swiss franc; and to Y246.90 from 12.39 per cent (14.1 per cent previous month)—Very high short term Euro French franc interest rates eased some of the Swiss franc; and to Y246.90 from Y245.75 against the Japanese

Swiss franc; and to Y246.90 from Y245.75 against the Japanese yen.

STERLING — Trade-weighted index was anchanged at 90.9, after standing at 91.1 at noon and in the morning. It was 91.7 six months ago. Three-month interbank 12 fp per cent (14 per cent six months ago). Annual inflation 9.4 per cent (10.4 per cent previous week)—The pound opened at \$1.7945-1.7955, and touched a peak of \$1.7950-1.7960 in the morning. It fell to \$1.7785-1.7795 in the afternoon, and closed at \$1.7815-1.7825, a fall of 1 cent on the day. Sterling rose DM 42775 from DM 427; to FFr 11.1175 from FFr 11.1075; and to SwFr 3.6425 from SwFr 3.64, but eased to Y440 from Y440.50.

B-MARK — EMS member

pollar demand increased yesterday, encouraged by the firmness of Eurodollar interest rates, and the growing conflict in the Middle East following the advance by Israel deep into the Lebanon. The U.S. currency opened firm, and rose further in the afternoon when U.S. centres began trading.

Sterling lost ground to the dollar, but was firm overall despite the cut in UK bank base lending rates.

DOLLAR — Trade-weighted index (Bank of England) 116.6 against 115.9 on Monday, and 106.5 six months ago. Three-month Treasury bills 12.14 per cent (10.23 per cent six months ago). Annual infiation 6.6 per central position). Trade-weighted for the control of the despite the cut in UK bank base lending rates.

FRENCH FRANC—EMS member (currency continued to advance, finishing at the day's high of DM 2.3868 from DM 2.3850, after rising to DM 2.3868 from DM 2.3850 at the fixing. Eurodollar rates declined from highs touched at noon, but the U.S. unit probably gained support from growing instability in the Middle East, and Chancellor Schmidt's recent to DM 4.2760 from DM 4.2640 at the fixing, and the Swiss franc to DM 1.1634. The French franc also advanced as the D-mark showed mixed changes against its EMS partners.

FRENCH FRANC—EMS members are currency continued to advance, finishing at the day's high of DM 2.3868 from DM 2.3850 at the fixing. Eurodollar rates declined from highs touched at noon, but the U.S. unit probably gained support from growing instability in the Middle East, and Chancellor Schmidt's recent declined from highs touched at the fixing. Eurodollar rates declined from highs touched at the fixing. The declined from highs touched at the fixing at the day's high of DM 2.3868 from DM 2.3850 at the fixing at the day's high of DM 2.3868 from DM 2.3869, after rising to DM 2.3868 from DM 2.3869, after rising to DM 2.3868 from DM 2.3869, after rising to DM 2.3869, after rising to DM 2.3869, after rising to DM 2.3869, after rising to DM 2.3869, after rising to DM 2.3869, after rising to DM 2.3869, after rising to DM 2.38

interest rates eased some of the

Y440 from Y440.50.

D-MARK — EMS member (strongest). Trade-weighted index 123.7 against 124.2 on Monday, and 122.3 six months ago. Three-month interbank 9.125 per cent (10.625 per cent six months ago). Annual inflation 5.3 per cent (5.0 per cent provious month) — The D-mark weakened against the dollar at the Frankfurt fixing, but was not supported by the Bundesbank inflation 2.8 per cent (unchanged from previous month)—The yen improved slightly against the dollar in Tokyo, after some intervention by the Bank of Japan. The U.S. currency finished at Y245.65; compared with Y245.75 on Monday. It opened at Y245.20, and traded within a narrow range of Y245.50 to Y245.75. The scale of central bank support for the yen was not large, but fear of intervention may have stemmed the dollar's advance.

+1.30 -0.43 --0.94 +0.50 -0.73 +0.61

±1.5440 ±1.6428 ±1.1097 ±1.3743 ±1.5069 ±1.6689 ±4.1242

THE POUND SPOT AND FORWARD

June 8	Spread	Close	One month	p.a. months	p.a.
U.S. Canada Nethind Belgium Danmark Iraland W. Ger. Portugal Spein Italy Norway France Swedge Japan Austrie Switz.	1.7786-1.7960 2.2250-2.2550 4.711-4.761- 80.40-81.70 14.50-14.56 1.2300-1.2370 4.26-4.29 123.00-130.75 190.10-191.10 2257-2370 10.67-10.94 11.08-11.13 10.57-10.81 438-443 30.00-30.25 3.611-3.681-	1.7815-1.7825 2.2420-2.2430 4.724-4.734 80.80-80.90 14.511-14.524 1.2520-1.2530 4.274-4.284 129.15-129.65 190.20-190.40 2361-2363 10.85-10.584 11.114-11.124 10.571-10.584 4391-4002 36.07-30.12 3.634-3.644	0.60-0.73p dis 1 ³ -1 ³ -1 ⁵ -10 pm 105-385c dis 55-80c dis 21 ³ -24 ² -sira dis 1 ³ -2 ⁴ -ore dis 23-26c dis	-1.88 1.02-1.12dia -4.44 2.50-2.60dis 4.44 47-41 pm -3.12 75-85-dis -5.94 187-194 dis -5.97 1.97-2.18dis 3.86 47-31 pm -22.72 300-1030dis -4.26 265-205 dis -1.88 65-70 dis -2.844 46-50 dis -2.844 46-50 dis	-2.40 -3.56 -3.56 -5.20 -6.70 -3.74 -21.17 -5.57 -11.51 -2.48 -17.27

t for convertible franca. Financial franc 87,95-88,05 ward dollar 2.17-2.27c, dis. 12-month 3.52-3,72c dis

THE DOLLAR SPOT AND FORWARD

June 8	Day's spread	Close	One month	7.0.0	Three months	% p.s.
UKT	1.7785-1.7960	1.7815-1.7825	0.23-0.33c dis	-1.88	1.02-7.12dis	-2.40
irelandi	1.4460-1.4635	1.4615-1,4635	0.62-0.52c pm ·		1.65-1.60 p	
Canada	1.2550-1.2585	1,2580-1,2585	0.26-0.29c dis		0.65-0.70dk	
Nethind.	2.6400-2,6570	2.6540-2.6570	1.43-7.33c pm		4.02-3.92 p	
Belgium	44.90-45.38	45.36-46.38	4.7c dis		16-20 dis	-1.59
Denmark	8.1070-8.1410	8.1360-8.1410	2.70-2.95cre dis		5.65-6.15dis	
W. Ger.	2.3765-2.4075	2,4048-2,4055	1.18-1.13pf pm		3.65-3.60 p	
Portuga!	72.00-73.00 ·	72.50-72.75	50-200c dis		150-525ds	- 18.53
Spain	106.20-106.85	106.80-106.85	20-25c dia		85-95 dis	-3.38
Italy	1314-13263	1325-1326	10%-11%lire dia		30-32 dis	-9.36
Norway	6.0970-6,1210	6.1160-6.1210	0.20ore pm-0.20		0.20pm-0.20	
France	8.7900-6.2500	6.2375-6.2425	124-134c dis			
Sweden	5.9100-5.9430	5.9380-5.9430	0.50-0.30ore pm			-15.27
	245.00-247.25				.00-1,80 par	
Japan		246,85-246.95	1.66-1.58y pm		4.80-4.70 pt	
Austria	16.73-16.88 ¹ 2	16.861-16.871	9 ¹ -8 ¹ 2gro pm		28-25 pm	6.29
Świtz.	2.0160-2.0480	2.0430-2.0440	.1.82-1.72c pm	10.39	4.95-4.85 pr	n 9.59

URRENCY	MOVE	MENTS	CUR	BEN	CY RA	TES
B snut		Morgan Guaranty Changes%	June 8.	Bank rate %	Special Drawing Rights	Curren
terling	117.1 95.0 83.7 123.7 144.9 114.8 79.3 54.0 134.2 Instead characteristics	ber, 1971.	Sterling	12 15.87 14 11 712 914 19 614 19 8	N/A 50,4365 9,06676 2,66723 N/A 6,93682 1473,13 274,456 6,82004 119,013 6,60325 8,27096	0,5604 1,0040 1,8607 16,893 45,273 8,1480 2,3952 2,6532 5,2262 1323,5 246,90 6,1238 107,00 5,9371 2,0399 65,677
975=100_			* C\$/SDR	rate (c	or June 7:	1.40155

OTHER CURRENCIES

I d 1)	1	; ;	Z,
June 8	. 2	8 . ·	! ·	Note Rates
Argentino Peso AustraliaDollar Brazil Cruzeiro Finland Markka Greek Drachma	1,7075-1,7095 296,25-297,25 8,188-8,206 116,945-117,488	0,9585 0,9590 166,21-167,04 4,6890-4,5910 65,00-65,50	Beiglum Denmark France	4.25.4.31
Hong Kong Pollar IranRia! KuwahtDinar(KD) Luxembourg Fr Malaysia Dollar	10,3712-10,3812 145,75° 0,51135-0,51235 80,80-80,90	5,8280-5,8320 81,95* 0,2873-0,2875 45,36-45,38	Japan Netherlands	2525-2370 439-444 4.711 ₂ -4.751 ₄ 10.88-10.98
New Zealand Dir, Saudi Arab, Riyal Stngapore Dollan Sth.African Rand U.A.E. Dirham	2,3550-2,3570 6,1045-6,1146 8,7650-3,7750 1,9395 1,9025	1.3185-1.3165 3,4295-3.4315 2.1185-2.1210 1.0885-1.0900	Spain	18234-19112

EUROCURRENCIES

Eurodollars

generally firmer yesterday, re-flecting concern over increased tension in the Middle East as

fighting between Israel and Syria intensified. Euro-sterling rates were a little easier following a half point cut in clearing bank base rates and the dollar's performance in forward trading performance of discountries.

reflected this widening of dif-ferentials, being quoted with an increased discount against the

registered a further rise and the franc showed a wider discount against the dollar in the

forward market as the authorities sought to underpin

the franc by making it very ex-pensive to run short of the

French currency, with short-term rates quoted as high as 80 per cent Belgian rates were a little easier and the Belgian franc showed an improvement in forward trading,

firmer

Euro-dollar

pound

French

EXCHANGE CROSS RATES

8.18382 2.41815 6.19564 2.67296

1305.13

Selgian Franc ... Janush Krons ... Jerman D-Mark rench Franc ... Jutch Guilder ...

EMS EUROPEAN CURRENCY UNIT RATES

45.2738 8.14808 2.39523 6.22628 2.65327

0.690942 1323.37

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

+1.29 -0.44 -0.95 +0.49 -0.74 +0.50 +1.40

June 8	Pound St'rling	U.S. Dollar	! Deutschem'	k JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild'	italian Lira	Canadia Poliar	Belgian Fran
ound Sterling	1	1.782	4,278	440.0	11,118	5,643	4.733	2362.	2,243	80,88
I.S. Dollar	0.561	1.	2,400	246.9	6.239	2,044	2.656	1326.	1,258	45,37
eutschemark	0.234	0,417	9.722	102,9	2.599	0.852	1,106	552,2	0,524	18,90
apanese Yen 1,000	2.273	4.050		1000,	25,27	8.278	10.76	5368,	5,097	183,8
rench Frank 10	0.899	1,603	3.848	395,8	10.	3,276	4,257	2125.	2.017	72.72
wiss Franc	0.275	0,489	1.174	120,8	3.052	1.	1,299	648,5	0.616	22.20
utch Guilder	0,211	0,377	0.904	92,97	2,349	0,770	2,004	499,1	0,474	17.08
alien Lira 1,000	0,423	0,754	1,811	186,5	4,707	1,542		1000.	0,942	34.23
anadian Dollar	0,446	0.795	1.907	196,2	4,958	1.624	2.110	1053,	2.774	36,05
elglan Franc 100	1,237	2.204	5,291	544,2	13,75	4.505	5.853	2921,		100

FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 8)

3 months U.S. dollars	6 months U.S. dollars	The fixing rates are the arithmetic means, rounded to the sixteenth, of the bid and offered rates for \$10m quoted by the reference banks at 11 am each working day. The banks are Nation	merket to five
bid 14 15/18 offer 15 1/16	bid 15 1/16 offer 15 3/16	Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Par Guaranty Trust.	is and Morgan

:URO-CURRENCY INTEREST RATES (Market closing Rates)

Jane 8	Sterling	U.S. Dollar	Ganadian Dollar	Dutch Guilder	8wiss Franc	D-mark	French Franc	italian Lira	j Beigiai Conv.	n Franc Fin-	Yen	Danish Krone
7 day's notice 7 day's notice onth ree months x months ne Year	157g.13 12½-12½ 12½-12½ 125g-12¾	1534-14 14-1414 14-6-1414 14-4-15 14-18-1518	17-18 17-18 17-18 17-18-17-14 17-17-17-17-17-17-17-17-17-17-17-18	859-878 859 878 813 813 878-9 878-9	5-51 ₂ 5-31 ₂ 41 ₂ -46 ₂ 5-51 ₈ 5 ₁₈ -51 ₈ 5 ₁₈ -5 ₁₈	876-9 878-9 876-9 878-9 878-9	50-80 50-70 35-38 28-31 24-251 ₂ 211 ₂ -221 ₂	19-21 23-25 24-25 24-25 24-24-4 24-24-4	13½-15 14-15½ 15½-16½ 16-17 164-17½ 15¾-16¾	141g-15 145g-15 147g-18 147g-15 143g-147g 145g-143g	6년 6년 678-7 6년 7년 7년 7년 7년 7년 7년 7년	19 ¹ 2-21 19 ⁵ 4-21 ¹ 4 18 ⁵ 4-20 ¹ 4 20 ¹ 8-21 ⁵ 8 19 ¹ 4-20 ⁵ 4 18 ⁵ 4-19 ⁷ 8

The following rates were quoted for London dollar cartificates of deposit: one-month 14.10-14.20 par cent; three months 14.45-14.55 -.45-14.55 per cent; one year 14.50-14.60 per cent.

MONEY MARKETS

Bank base rates cut to $12\frac{1}{2}\%$

Clearing bank base rates were it to 12½ per cent yesterday own from 13 per cent while eposit rates for seven days fell 91 per cent from 10-101 per nt. Yesterday's cut followed a swnward trend in UK interest tes recently, culminating in a duction in Bank of England saling rates on Monday, as the arket looked beyond a military ttlement to the current Falkad Islands crisis and focused recent encouraging economic dicators. Short term interest tes were correspondingly lower sterday and the Bank of Igland reduced its money

SMEY RATES

PAN

auer Hurra	
:W YORK	•
me rate	16-16 ', 13 '- 13' <u>,</u> 12-14 12-16
RMANY	
nbard	9.00
might rate	9.00
e month	9,10
THE Months	9,125
manths	9.00
ANCE	
Frention rate	16.0
striight rate	16.25
ø толth	16.25
es months	16.25

K clearing bank hase lending rates were cut another quarter. 12½-12½ per cent. In band 3 (34-point to 12½ per cent and band 4 (63 days) it bought £10m at 12½ the same amount to 12½ per cent. per cent and in band 4 (64-84). the same amount to 12½ per cent and band 4 (64-84 Ali bands have now been cut by days) £24m at 12½ per cent. It half a point since last Friday also bought £17m of local with the exception of band 3 authority bills in band 4 (64-91 days) at 12½ per cent. Elsewhere three-month interbank fell to 12½-12½ per cent from fell to 1211-121 per cent from 121-131 per cent and three-month sterling CDs were lower at 1211-

12) per cent. The Bank of England forecast a shortage of £200m in the money market with factors affecting the market including bills maturing in official hands £115m, Exchequer transactions £50m and bankers balances below target £130m. On the other hand reduced its money arket intervention rates for the cond day running.

The Bank cut half a point off and 1 dealing rates to 12\frac{1}{2} per nt and a further \{\frac{1}{2}\frac{1}\frac{1}{2}\frac{1}{2}\frac{1}{2}\frac{1}{2}\frac{1}{2}\frac{1}

During the afternoon the forecast was revised to a shortage of around £250m, before taking

of around £250m, before taking into account the morning's operations, and the Bank gave additional help of £20m, making a grand total of £251m. The afternoon help comprised purchases of £10m of local authority bills in band 4 at 12½ per cent and £10m of eligible bank bills at 12½ per cent. Discount houses were paying between 12 per cent 12 per cent compared with 12%were paying between 12 per cent and 121 per cent for secured call loans while overnight interbank

LONDON MONEY PATES										
June 8	Sterling Certificate of deposit	interbank	Local Authority deposits	Local Auth- negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury	Eligibie Bank Bilis é	Fine Trade Bills #
Overnight		1112-15	154	, <u> </u>		13-13 lg	12-12 4	<u> </u>		
days notice		- 1	15-1312	; - ;			_	. –	J i	
7 days or	: - ;		- 	ı I		l ~_			-	_
days notice	-	13 138	13-13 lg	ı - 1		1314-1312	1212	-	-	_
One month	127g-1234	127g-131g	1272	1344-15	127	1814	1214	124	12분 12명	1.514
wo months	123a-125a	1243-18		1314-1278	127	1319	1214	12 124	19 1 19 2	18
Three months.	194.188	12 127	1234	1319-124	1278	13	12	124-127	7977	1213
Six months	12 3 12 8	1211-1211	124	1218-1134	1272	1 = 1	Ξ		12,4 117g-11 12	121
line months	10/- 198	124-12	,	13-1252	1278				44.8-4416	
	1011 101	10 7 10 5	124	127g-121g	1279	= :	:		- i	_
ne year		12 12 12		- ve.A.ra-4	75.8	, ;	_	_	_	_
TWO YEARS		- i	154			<u> </u>			<u> </u>	

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority is, nominally three years 13½ per cent: four years 13½ per cent. & Bank bill rates buying rates for prime paper. Buying rates for four-month bank bills 12½-12½ per cent; four months tra

is and three monois 1272-122 by the Finance Houses Association) 14 per of Finance Houses Base Rates (published by the Finance Houses Association) 14 per of Scottish Clearing Bank Rates for lending 1212 per cent. London Clearing Bank Dapers' notice 912 per cent. Treesury Bills: Average tender rates of discount 12,6675 per Certificates of Tax Deposit (Series 5) 13 per cent from June 8. Deposits withdrawn

FT UNIT TRUST INFORMATION	SERV
ATTEORISED TRUSTS	Magatheld Management 1 Tending Sp. 602A 1FD
American Growth 572 619 236 Cartin Growth 572 619 236 Cartin Growth 572 619 236 Cartin Growth 572 619 675 Cartin Growth 57	Interestional UT 1002 Rotherbild Asset Manager To Settlet 1 and Located FCA
Windowide Bond: 1052 113.4d -0.8 442 Cest light Dir. 172 5 50.4 1.02 2.5 1.02 1.02 1.02 1.02 1.02 1.02 1.02 1.02	NC American Pena. Decide Mart San Period Decide Mart San Period Decide MC Prop. Mext San, Period American Martingen
Affiled Huntiers [157] Washington, Totales, Device Total Feed, Unit 1st, [223] Device Total Feed, Unit 1st, [223] Legislate Administration Ltd. Huntiers Huntiers Huntiers	R.C. Ebey Res Tw. 1914 H.C. Lottone Fd. 1942 H.C. Abbertos (Inc. 1927) H.S. America (Acc.) 1944 H.C. Smaller Co. 1934 Revenus Unit. Trust. Mingt.
Beth. Inds. Fund	City State Hee, Fleshwy Se, ECA Assertan June 3
Existrations Fig. 51.5 55.5 40.4 7.7 44, Bloombay Scare, WCIA 2RA (0.623899) 50, (Accord.) 80,0 107.7 40,840 607. Sect. 55.8 26.50 40.1 11.74 67.8 67.8 67.8 67.8 67.8 67.8 67.8 67.8	Rayal Life Fd. Mgmit. Lin Herr liah Phase, Liverpool Life S Sastry Treat Inherrockout Treat. 1223 Royal Tat. Cam. Fd. Mgmit
Putific Fund	48-50, Camoo St., London EC49 Capital Paral 165,7 Income Fund 177.1 Prizes on Blay 28, Next, dealing Save & Pressur Strong
Description Control of the Unit Tel. Mages. Ltd. Technology Funds. 19.7 12.2 40.4 405 Secret Vis. 1971 40.9 42 Libyer's Life Unit Tel. Mages. Ltd. Descript Funds. 19.8 61.9 40.4 7.76 Fibelity informational Management Ltd. 5 Southery Access. (2) 297.9 303.64 1 3.62 For Each Engent. 19.9 71.86 -0.9 12.9 13.64 1.1 20.0 10.0 10.0 10.0 10.0 10.0 10.0	4, Great St. Helens, London E 58-73 Gasen St. Edisburgh D Deutings, in: 01-054, 8899 on 0 International Funds Capital E.S. Select International 245.2
U.S.A. Exempt	Senet international 222 Units Growth Ell. Increasing income Funds High-Vield Cos. Inc. Fd. 65.4 High Lecture Funds Gill, & Fol. left, Inc. 191.0
Appliecher Unit Mignet, Co. LTE. 1. Noble St., EC2V7JA. OL-2268181 Innex Circles (but March 144 M & Green (y)(c)(2)	High Return (13) leather (5.4) L.K. Faundt (5.6) L.K. Faundt (5.6) L.K. Equity (70.2) Quernass Plants (2)
Arientinet Securities Ltd. (2)(c)	Environ 1742 S.F. Acta 1742 U.S. Acta 1742 Sector Funds Commodity 1744
Constitution	Energy Exploration Fund (2): 27.2 Exploration Fund (2): 27.2 Fluencial Sets. Fluencial Sets. Fluencial Sets. Fluencial Sets. Fluencial Sets. Fluencial Funds Fluencial Funds
France & Property 192 202 +0.7 4.86 Convertible & Six 12 52 +0.2 511 Account Office 192 192 192 192 192 192 192 192 192 192	Executi (accure) 1724 22 Executi (at) 1725 35 Prices at 6thy 26. Best at Scottles Securities Lts. Scottles 904 Scottles 904 Scottles 904
High Vield	Schroder Unik Trust Mans 48, St. Martins Lane, WC2. De Capital. (Access, Units). 228,8 (Access, Units). 228,8 (Access, Units). 483,6
Arctivity Fund. [13.4] 15.5 Priemits Prev. Trust Managers (a)(b)(c) [Acoust Units] 15.5 [4.7] 1.7 [4.7] 1.	Gen (1914 (Accum (bile) 2018 (Accum (bile) 27.0 (Accum (bile) 27.0 (Accum (bile) 27.0 (Accum (bile) 17.1 (Accum (bile) 17.1
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Da. Gift S Fiel lat. Inc. 077 49 Aug +0.2 1277 G.T. Latern & Gen. 1113.2 1217 -17 0.00 14-10, Greenbarn St., ECZN 7AU. 07-606 8099 Da. Gift. Practic lat. 461 474 -0.2 116 G.T. Pens. Ex. Fd. 3254 3729 -19 279 income May 24 110.8 116.71 4.55 Da. Gift. Practic lat. 461 474 -0.2 116 G.T. Pens. Ex. Fd. 3254 3729 -19 279 income May 24 110.8 116.71 4.55 Da. Gift. Practic lat. 461 474 -0.2 110.5 G.T. Pens. Ex. Fd. 3254 3729 -19 279 income May 24 110.8 116.71 4.55 Da. Gift. Practic lat. 417 -19 28 G.T. Pens. Ex. Fd. 3254 3729 -19 28 G.T.	Scottiste Aquicable hiv. Ma 150 St Viccent St, Glasgow. Equity Tripl Access. 1139.5
Do. Pri. N'no. Tst. Sh.1 124 + 125 376 67. European Pund 191.8 96.7 - 23 33.0 McAnsally Fund Management Libt. Do. Transler Fund 191.4 125 527 6. 2 A. Trust (a) (g) Do. Withhile Tst. Mod. 191.4 125 527 5. Rayleigh Road, Brentanood (0277) 227900 Delphi Inc. Tst. Acc. 197.5 40.3 90.6 Do. Inchara 191.5 1275 1275 1275 5. Rayleigh Road, Brentanood (0277) 227900 Delphi Inc. Tst. Acc. 197.5 40.3 90.6 Do. Inchara 191.5 1275 1275 1275 1275 1275 1275 1275 127	Scottish Equitable Fund 1 28 St. Ambreus Sq. Edichurgh Income Units
Sarring investors of the Lin. Sarring of the Control of the Contr	P.O. Box 902, Edinburgh EHIA 51 Peganer Tst. June 7., (1811 1 SHRCO Money Funds M. Connet Street, 924H &&E
Acc Units ** June 2 1837 483 38 13 For East Years 1816 978 103 202 100 Acc 1836 9 1471 +14 127 100 Acc 1836 9 1471	SI MCO CAR Femily 1900.8 SIMCO 7 Char Finedy 1903.8 SIMCO 5 FL of Any 1908 SIMCO 5 FL of Any 1908 SIMCO SERVER OF ANY 1908 SIMCO SERVER OF Tet. Allemanger Servery 1908.8
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Sec. Mar. Siz. 912 41 14 14 Rarryta Citi. Inne 8 1004 173 172 172 North American 91 473 104 105 105 105 105 105 105 105 105 105 105	1Prices for June 2. Next dee larger Tab. Mangers. Ltd. (a. S. Gresham St., E.C.2. Deal designed for the second second designed for the second second designed for the second second second designed for the second second second second designed for the second second second second designed second second second second second designed second second second second second second second second second second second second second second second second second s
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Hertands Hist, Haymerits Hist, St. 0444-68144. Global Tech	Accom. Units)
Passile Set Cos. 10 10 10 10 10 10 10 1	Course, Units) 54.2 54.0 65.0 65.0 65.0 65.0 65.0 65.0 65.0 65
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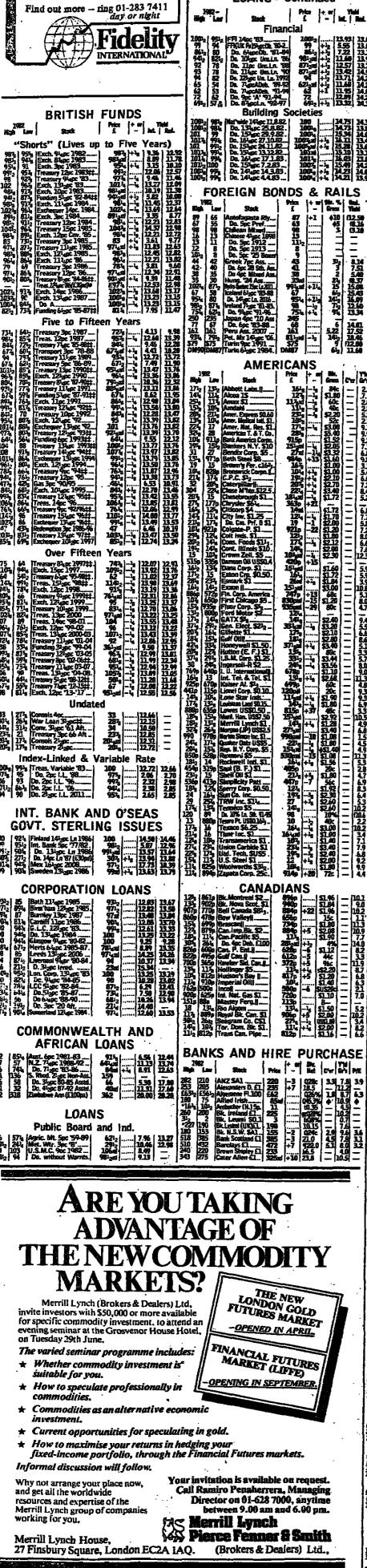
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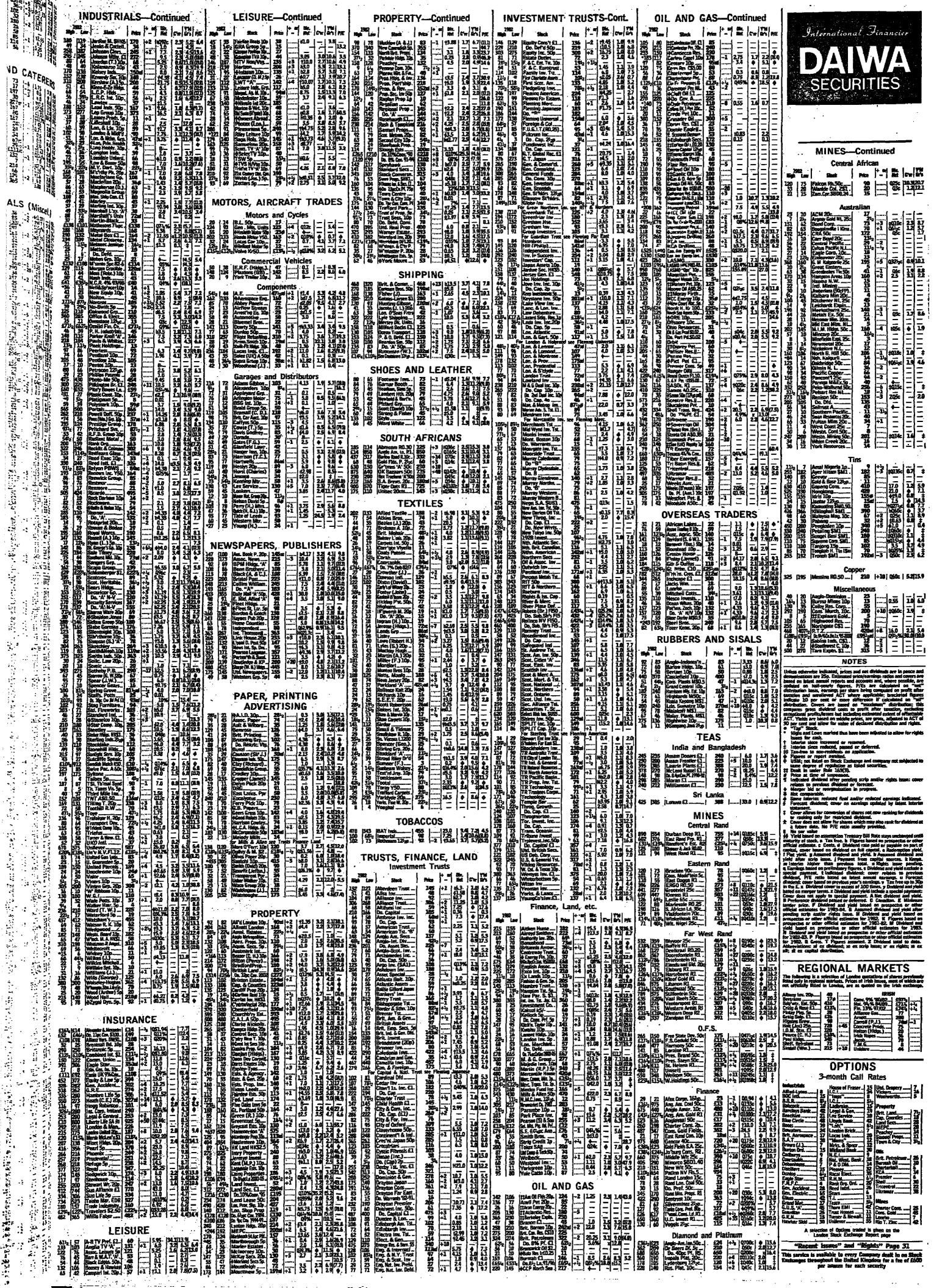
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FINANCIAL TIMES

Wednesday June 9 1982



EEC renews steel controls

BRITAIN and France are on the verge of settling their dispute

BY JOHN WYLES IN LUXEMBOURG

THE EUROPEAN Community's mandatory controls on steel production were renewed in Luxembourg for another year yesterday after Italy allowed its objections to be overriden.

industry ministers reached agreement with far greater ease than expected. The Ten were clearly anxious to remove doubts about the immediate future of their steel restructing policy before the announcement in Washington tomorrow of the U.S. Department of Commerce's prelimin-ary findings on a number of antidumping complaints against EEC steel companies.

support for the timetable of eliminating by 1985 government aid which U.S. producers have alleged allows exports at unfair, subsidised prices.

The ministers did not discuss the auestion of third countries taking advantage of recent EEC steel price increases to push up exports to the Community. British steel industry officials have expressed alarm over this trend in the past week but Mr

£100m loan

stock issue

by Midland

Patrick Jenkin, Britain's Indus- his efforts to have special steels try Secretary, felt unable to included in the production quota press the issue because British regime, but the European Com-

trade statistics are still several

months in arreas.

According to Mr Jenkin. that existing closure plans will In particular, they reaffirmed still leave too much surplus in Luxembourg, said no further production capacity by 1985. He said they agreed on the need for a 30m tonnes cutback in the next three years—from current levels of about 200m tonnes.

> Mr Jenkin said this meant there would have to be "con-sideration" of further restructuring in the British Steel Corporation's next corporate plan about which he hoped to make He also reported failure in Community's steel producers.

over fishing rights in British coastal waters. If talks succeed fully they could remove the most acrimonious stumbling block to the establishment of an EEC Common Fisheries Policy, a goal that has eluded the European Community inspite of six years of negotiation. Page 2

mission has agreed to monitor imports into the UK and to report back in October. Mr Bill Sirs, general secreministers also acknowledged tary of the UK Iron and Steel Trades Federation, who was also

cuts should be allowed in the

British steel industry. Unlike the present arrangements, the new quota regime which comes into force on July 1 will include wire rod production. This means that about 80 per cent of the EEC's steel output will be covered by mandatory controls. Most of the balance is subject to voluntary limitations agreed among the

The other significant change is that the number of small producers eligible for possible special treatment on quotas has been increased by a rise in the production limitation from 60,000 to 100,000 tonnes a year.

The impact of the 12 month quota regime has been an in-crease in prices of about 25 per cent which has reduced losses across the EEC industry and facilitated the tightening controls on government help.

It has created special prob-lems for Italy, however, which took up a considerable amount of Ministers' time yesterday. Rome requested a 720,000-tonne increase in quotas for its producers on a variety of grounds.

It secured agreement on a 240.000-tonne increase of pipe plate, and 120.000 tonnes of rolled sheet. However, consultations with Eurofer, the steel producers' organisation, pro-duced an offer of only 150,000 tonnes on the 360,000 tonnes of crude steel production which Italy wanted to keep, but which had slipped into its quota

Output prices rise 0.5%

MANUFACTURERS' OUTPUT

BY ROBIN PAULEY

prices increased by only 0.5 per cent last month. The annual rate of increase of industry's By Alan Friedman raw material costs fell to its MIDLAND Bank has become the lowest since November 1978. second British bank this year to These new figures have given raise £100m through a 25-year a boost to Government optimism unsecured loan stock.

that inflation is well under con-The issue bears a 14 per cent trol after sharp rises in the coupon—the fixed rate of monthly figures for April caused interest—and is priced at a some temporary enxiety. small discount so that a buyer pays £98.55 for every £100 of Output prices—the prices charged by manufacturers to stock. This provides a yield of

to improve Midland's

a percentage point over the

Mr Charles Davies, Midland's

assistant general manager

(finance), said last night: "This

bond is designed to increase our

ting low and could have inhi-

bited the natural growth of the

Mr Davies said the bank had decided to launch the £100m, 2002-07 issue in sterling, partly

because it had relatively little subordinated debt (that which

ranks behind depositors' debt

with the bank) in that currency. At the last count, Midland had U.S.8845m (f472m) in the American currency, DM180m (f42.2m) in the German cur-

rency, and less than £100m in

On a fixed-rate coupon basis, Midland is paying 2 per cent less for its money than Barclays; the issue price suggests an underlying saving of

Placing of the issue was

completed last night by Samuel

Montagu, Midland's merchant hank subsidiary. Stockbroker

to the issue is Cazenove and Co.

Continued from Page 1

Reagan

British currency.

1; per cent.

free capital ratio, which was get-

going rate for comparable Gov-

ernment stock issues.

wholesalers-are a reliable 14.22 per cent at redemption. early signal of the movement The Midland issue came four of inflation as measured by months after Barclays Bank prices of goods in the shops. decided to pay 16 per cent on its The annual rate of retail price rises is already in single figures. industry's £100m, 25-year loan stock, an

issue which ranked as the that further reductions are largest, straight, fixed-interest stock for a commercial UK borlikely. rower in the domestic market. a percentage point over a basket

April This took the index for sterling. of three Government stock the factory-gate prices of British capital base. Barclays Bank, | (1975 = 100). when it launched its loan stock in early February, said it was

to 8.7 per cent, compared with raw

Wholesale Prices

and yesterday's figures indicate materials fell by 0.75 per cent in April is 105.9 (1979=100), in May, having increased by against 106.6 in March. This is The Industry Department said by 2 per cent in March. These The issue, whose price gives that output prices rose by 0.5 erratic figures reflect movements it an interest margin of 0.9 of per cent in May compared with of oil prices and value of lost year. The first-quarter figure for 1982 was 106.6, the The May figures were helped same as that of 1981.

in value of sterling In April £728m of new credit against the dollar, producing was advanced by finance and said: "We strongly deplore the The year-on-year increase fell lower sterling prices for many materials, particularly paying about three-quarters of | 8.8 per cent in April, the fifth crude oil. The reverse was true rate is now at its lowest level for crude taking the figures up. months. since February 1979. The May fall took the input
The index for cost of price index to 236.9 (1975=100). The May fall took the input

The change in the index on a year-on-year basis fell sharply from 7.75 per cent in April to 4.75 per cent in May, lowest figure since November 1978 and the seventh consecutive fall in the annualised rate. There could be further falls,

depending on the movement of sterling against the dollar. The principal cause of the output prices rise in May was dearer tobacco products. Though the input index fell, part of the benefit of cheaper oil was offset by higher prices for materials

bought by food-manufacturing

industries

The final seasonally-adjusted and raw index for volume of retail sales 1.25 per cept in April and fallen only fractionally over the poor figures of 105.5 and 105.4 for

credit houses and retailers. Total new advances in the three months to April were 8 per cent consecutive fall. The annual in April a higher sterling price higher than in the previous three

Export of services down, Page 10.

UK—Japan telecom deal likely

BY GUY DE JONQUIERES

At the last year-end Midland BRITAIN and Japan are close Telecommunications Bank's free capital ratio-the to agreement on a framework for bilateral co-operation in bank's adjusted base against; deposit liabilities - stood at telecommunications technology. 3.5 per cent. The addition of 3.5 per cent. The addition of The agreement would cover £100m to the capital base will both industrial collaboration nudge the ratio up to 3.8 per and joint efforts in long-term research and development.

> The two countries have been discussing a joint approach for several months. An agreement is expected to be initialled in London today by representatives from both governments and their telecommunications authorities. The agreement is understood

to cover three broad areas: 1. The exchange of telecommunications administrations and industrial companies in Britain and Japan.

2-A joint study on possible cooperation on clearly-defined involved in the two countries, long-term research projects No firm projects have ye aimed at achieving break been agreed for joint research throughs in advanced telecommunications technology. Such projects could involve ex-changes between universities as well as national telecom-techniques to link the advanced munications laboratories and Fifth Generation Computer

companies. 3—Discussion of ways to con-cert the British and Japanese

The union is a 155-member inter-government organisation which seeks to co-ordinate telecommunications

policies, particularly in the developing countries. Britain is also seeking collaboration between UK and Japanese companies on assembling a package of low-cost telecommunications systems suitable for use in developing

countries, although this will be

subject to further negotiations. It was emphasised in London vesterday that implementing the agreement would require further discussion and the negotiation of detailed arrangements between the different parties No firm projects have yet been agreed for joint research and development. But the British Government is pressing for collaboration on the develop-ment of new communication

systems which Japan plans to build by the early 1990s. positions in the International the use of light signals to switch. Japanese.

Union as well as to transmit, com-munications, and systems which would give simultaneous translation of conversations between speakers talking in different languages,

> The discussions in London this week have included participants from Britain's Industry Department. British Telecom, the Post Office and Plessey. Japan has been represented by officials from the Ministry of Posts and Telecommunications: Nippon Telephone and Telegraph, the domestic telecommunications monopoly; KDD, which handles international communications, and the Japanese Post Office.

The talks started after a visit to Japan last autumn by Sir Keith Joseph, the former Industry Secretary. Japan and Britain have already agreed on joint ventures in several fields of communications technology.

GEC-Marconi of Britain is Japan on the international marketing of satellite earth stations. while the British Post Office is conducting trials of a compact. uild by the early 1990s. low-cost facsimile transmission Such techniques could involve system developed by the

ISTAC Continued from Page 1

strongly involved denying that it "cultural imperiasovereignty.

Mr Reagan said that the U.S. planned to consult leaders of other nations on the scheme. He pointed to a Council of Europe proposal to invite parlia-mentarians from democratic countries to a meeting in Strasboury next year as a possible opportunity to conduct such

There would also be an international meeting on free elec-tions in Washington in November, and next spring a conference of world authorities on constitutionalism and self-covernment hosted by the Unief Justice of the U.S., he said.

While the Soviet Union was not immune from "internal" democratic protest movements, as in Poland, he did not ask "an instant transformation" in Soviet society.

" At the same time we invite the Soviet Union to consider with us how the competition of ideas and values, which it is committed to support, can be

sation (PLO), to Lebanese

• The removal of the Palestinian guerrillas from Lebanon. The creation of a demilitarised zone, 25 miles deep, north of the Israeli border.

Heavy fighting raged on several fronts. The ancient port city of Tyre in the south was reported to be in flames and 10,000 people had been placed under Red Cross care.

There were fierce battles in and around Sidon-Lebanon's third largest city, with a population of 250,000—and Daniour, the last main PLO stronghold on the coast south of Beirut. Israel claimed to have shot down six Syrian jets ditring the day, including two in a dog-fight over northern Israel,

and Mr Begin urged Damascus not to become involved in the fighting. Syria is estimated to have 30.000 troops in Lebanon. The Syrians claimed to have destroyed a number of Israeli aircraft.

conducted on a peaceful and of Syrian tanks had been hit by reciprocal basis."

there had been only clashes enemy lines," one said. hetween small field forces, and no major armoured battles. Mr Philip Habib, the special envoy to the region, met Mr Begin twice yesterday. He

did not appear to have moved the Israeli leader from his troops will not leave the areas and using all the means at their captured in Lebanon until a disposal. We have inflicted permanent new arrangement heavy casualties on the Israelis, can be reached. He was he said. reported to be flying to Damascus today.

Israel was believed to control most of the coast road from Beirut to the south, and has also moved in strength into the central Chouf area, which overlooks heavy concentrations of Syrian troops in the Bekaa Valley Lebanese officials con-firmed that Israell forces had moved into Beneddine, the capital of the Chouf region and were pushing on.

Palestinian guerrilla commanders insisted that the loss of unconscous last night after an their bases in the south would not halt their operations. "We A senior israeli officer told don't care how much land the at the Royal Albert Hall on correspondents that a number Israelis occupy because our Sunday, which will call for of Syrian tanks had been hit by guerrilas will continue their closure of the PLO's London Israeli fire. He stressed that hit-and-run operations behind office.

Syrian official communiques also became more belligerent during the day. A military spokesman said that the Israelis had widened their aggression. "Our land troops and air force are confronting enemy armour

Israel reported yesterday morning that 25 of its soldiers had been killed in the first two days of fighting, which began on Sunday. Another 96 had been wounded and seven were

Palestinian guerrilla losses are likely to have run into several hundreds. There is certain to be a heavy civilian casualty toll.

• The wife of Mr Shlomo Argov, the Israeli ambassador to Britain, who was still attempt on his life last Thursday, is to attend a mass rally

join NHS pay dispute By Brian Groom, Labour Staff HEALTH SERVICE unions

Yorkshire.

miners

claimed success last night as more than 60,000 miners and other non-NHS workers joined their third 24-hour strike in support of a 12 per cent pay claim. But in the Commons, Mr Norman Fowler, Social Services Secretary, gave no indication that he was prepared to make

The Yorkshire coalfield was brought to a near-standstill as 42,000 miners walked out in support, halting 47 out of 57 pits. Production of 100,000 tonnes of coal worth £3m was lost. Although miners made up the bulk of those taking sympathetic action, railwaymen. postmen, council workers and

others joined picket lines. The two biggest TUC health unions, the National Union of Public Employees (Nupe) and the Confederation of Health Service Employees (Cohse) claimed that 700,000 health workers took part in the strike.

Troops were not used during the day but in Northern Ireland, the Royal Ulster Constabulary and the Knights of Malta stepped in to provide emerambulance cover. Ambulancemen later relented and agreed to man cardiac units and answer "extreme" emer-

gency calls.
Insufficient emergency cover was also reported in some places, including hospitals in Leeds. Rotherham, St Helen's and Tooting, South London. Management and staff volunteers provided cover. The Department of Health

and Social Security acknowledged this was the biggest strike so far, with the strongest action in some parts of the North, particularly Yorkshire. Many areas were reduced to accident and emergency services, but the national picture remained patchy.

In Glasgow, health workers at four hospitals said they were extending the strike to three days. In Edinburgh, the situation at the 950-bed Royal Infirmary was described as critical after pickets prevented linen being taken in or out. In the Commons, Mr Fowler

action being taken." He gave no clear indication whether he was prepared to sit out the dispute or may consider increasing the 4 to 6.4 per cent offers to 1m NHS workers.

against arbitration. Clarification of Mr Fowler's intentions may come today when he meets Dame Catherine Hall, general secretary of the Royal College of Nursing. The TUC Health Services

He is believed to have decided

Committee may decide today to step up the dispute. Nupe wants an all-out strike, while Cohse wants selective strikes. Miners join pickets and Fowler

deplores stoppage, Page 12

Weather

UK TODAY SUNNY periods and dry after

early fog. England, Wales, S. W. Scotland N. Ireland Sunny periods, very warm, cooler with fog on some coasts, Max 25C (77F).

N. E. Scotland, Orkney, Shetland Sunny intervals, cloud. Max 15C (59F).

Rest of Scotland Sunny periods, cooler on coasts. Max 22C (72F)... Outlook: Hot with thundery

rain, then much cooler and unsettled. WORLDWIDE

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THE LEX COLUMN

Bank lending on parole

Bank base rates were trimmed by half a point to 121 per cent yesterday—most of the clearers cultivated their margins by lowering deposit rates by a point—and the Bank of England gave its blessing to the whole speration by a wholesale reduction in its bill dealing rates. But gilt-edged ended the day rather lower, out of breath after two weeks' advance and alightly discouraged by the pre-

slightly discouraged by the pre-liminary May banking figures. The public sector's return to its normal state of financial deficit after an exceptionally long tax-paying season was always going to reduce the total of private sector loan demand last month. In the light of this the fall from a recent average of £1.8bn to £1bn or so. seasonally adjusted is really no better than it ought to be, par-ticularly since the corporate sector, having financed its tax payments and not yet started serious stockbuilding, should

sale price figures, showing a fall in raw material costs, suggest another source of comfort for corporate cash flows.
Once again the personal sector is making all the running. It may be argued that its behaviour as a borrower is not going to be affected by the odd half point off interest rates, and that recent declines in nominal rates have simply kept real rates from rising and choking off a feeble economic recovery.

But unless U.S. rates fall

steeply, there is not much at

present to justify a significant

further decline in the cost of

have a cyclically low borrowing

requirement. Yesterday's whole-

money in London. Equities

The FT-A All-Share Index has broken new ground this painfully recovery and unresolved conflict in the South Atlantic.

fairly modest and patchy affair. the decline, exacerbated by a through retentions, not rights.

Index rose 1.4 to 594.0

The All-Share Index stands only 4 per cent above its February average. The equity market has probably been held back by the Falklands, although this seems already to be a diminishing influence. But it has also had little about which to enthuse. Only in the building sector has there been much evidence of a revival in

demand. The profits of companies reporting on the year to March have rarely exceeded outside forecasts by much and have often been aided greatly by the weakness of sterling against the dellar extra the health of the heal the dollar on the balance-sheet dates. But there have been equally few disappointments. while the recovery in earnings and, to a lesser extent dividends is now plain for all to

by the strength of institutional cash flow, which so far this year has found little outlet in equity offerings. It also looks more attractive in rela-tion to gilt-edged, now that the yield gap between the All-Share and high coupon 25-year stocks has fallen to 7 per cent. But the gap should be

narrowing in any case as inflation falls, while the posi-tive influence of lower price inflation on consumer confidence has yet to be established. The consumer goods sector has led the market up this year, but is still waiting for an advance in volume.

Bass

Bass has turned in some of the poorest results of the brewery sector in the half-year week against a background of to April, with pre-tax profits painfully slow economic down 16 per cent at £43.1m. Without an extra £4m of property profits the decline would Yet, by contrast with the have been 25 per cent. The make up more than a quarter recovery of early 1931, this borrowing costs of acquiring of its capital base. But the year's spring rally has been a Coral has been one factor in equity it needs must come

poor performance from the new business. But more worrying for the group has been the pressure on brewing volume. Turnover in drinks overall is up a mere 2 per cent, implying a volume decline approaching 10 per cent

With one of the narrowest trading bases of the big brewers. Bass has been particularly vulnerable to the fall in beer consumption, while it seems — with hindsight — to have under-estimated the hencfits enjoyed from the Ansells strike in the corresponding period. Nevertheless, given the extent of the squeeze, a decline in trading profits in drinks (and machines) of 10 per cent. excluding property, represents defensive strength.

A healthier volume trend now emerging in the industry means that the group should be able to match last year's £125.6m outcome. Bass stock has been a disappointing performer in recent years, and the company s image with investors has not been helped by the madequary of its published information. The shares fall 70 vestorday to The shares fell 7p yesterday to 240p, where the prospective yield is about 6 per cent.

Midland Bank

Like Barclays a few months ago, Midland Bank has come to the sterling market for loan capital - only it is picking up its £100m on a yield some 1.8 percentage points below its rival. Charging bond interest is a less offensive way of reducing taxable profits than claborate leasing schemes, and a 14 per cent coupon, allowable for tax. makes much more sense than the issue of new shares on a yield of perhaps 12 per cent payable out of net income. That said. Midland's free equity ratio is less than 2 per cent. and subordinated debt will now



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